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# NEWS SUMMARY

## GENERAL

## Tough EEC line on fishing

EEC Foreign Ministers last night agreed to give Soviet and Eastern bloc fishing fleets up to three months from January 1 to negotiate reciprocal agreements with the Community or to clear out of waters inside its new 200-mile fishing limits.

They decided to impose quotas from the New Year until the end of March on nations which have not shown a willingness to negotiate—effectively a cutback for Soviet trawlers from an estimated 600,000 tonnes this year to around 200,000 tonnes on an annual basis.

Similar three-month quotas will be imposed on Spain, East Germany, Poland, Sweden and Portugal, while Bulgarian vessels will be excluded immediately from January.

### Stormy waters

Meanwhile, talks on the Community's internal fisheries regime appeared to be moving into stormy waters, writes Robin Reeves from Brussels, following Britain and Ireland's rejection of the European Commission's plan for an interim conservation scheme based almost wholly on quotas.

### Provos launch Belfast offensive

A 23-year-old crippled man was shot dead by Provisional IRA gunmen in a pre-Christmas offensive which paralysed Belfast with explosions and bomb scares.

The violence—the Provos said it was in protest at the phasing out of political status for prisoners—followed seizure by the Army of IRA documents from a Belfast house.

The man who died was shot by gunmen as they planted three bombs in a brush factory in central Belfast. Five other bombs exploded in the city, damaging an hotel, a cafe and a bus station. Belfast-Dublin train services were suspended because of a suspect bomb, and many roads were blocked.

### Nuclear power plants 'vulnerable'

It is impossible to protect Britain's nuclear power installations from attack by well-trained terrorists, Prof. John Fremlin, Professor of Applied Radioactivity at Birmingham University told a London inquiry yesterday. Thus, the risk of plutonium theft would not be increased by the arrival of a fast breeder reactor. Benn's nuclear pledge, Parliament, Page 14, Feature Page 29

### Rabies vaccine

Medical research has achieved a breakthrough in the treatment of people exposed to rabies, according to the Journal of the American Medical Association which reports a new vaccine produced in France requiring six injections in the arm against 14 to 21 painful abdomen injections.

### Yard inquiry

A woman who may hold the key to corruption allegations against nine Scotland Yard officers has been interviewed at a secret address by Mr. Barry Pain, Chief Constable of Kent, who is conducting an inquiry. None of the officers has been suspended.

### Briefly . . .

Portugal's ruling Socialist Party, with 33.6 per cent. of the popular vote, was well ahead in the municipal elections as late returns were received. Page 4

Customs officers are checking on the possible transfer of large sums of money from Britain to the Continent in breach of the Exchange Control Act.

Police at Heathrow airport are investigating the theft of more than £20,000 worth of diamonds en route to Antwerp.

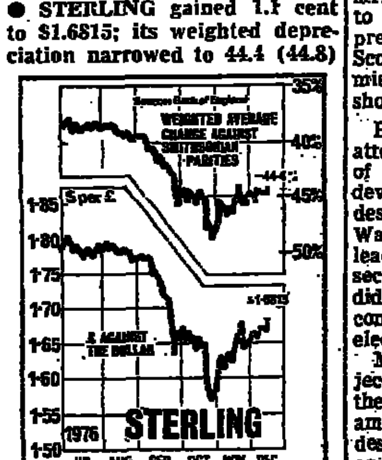
Mr. Asher Yadlin, 53, who was picked by the Israeli Government earlier this year to head the Bank of Israel, faced charges of bribery, tax evasion and fraudulent land transaction in Tel Aviv yesterday.

## BUSINESS

## Heavy sales of gilts; £ up 1c

● GILTS were in heavy demand, mainly due to hopes of a reduction in MRL on Friday. There were strong sales both of the long tap, which established a ½ premium over the issue price in the secondary market, and of the short tap: while the medium low coupon stock was sold out. The Government Securities index rose 0.28 to 59.01.

● STERLING gained 1.1 cent to \$1.6815; its weighted depreciation narrowed to 44.4 (44.8) per cent. The dollar's widened to 0.57 (0.35) per cent.




● EQUITIES were firm. The FT 30-share index was 3.6 up at 333.7, while the All-Share gained 2.6 per cent. to 143.47. The Gold index fell 4.8 to 122.6.

● GOLD fell \$3 to \$135¼.

● WALL STREET was up 3.00 at 976.23 near the close.

### NEDO blames over-manning

● PLANT CONSTRUCTION industry in Britain fails to match the performance of its competitors in Europe and the U.S. due to over-manning, low productivity and poor industrial relations, according to a Nedo report. Back Page and Page 12; Editorial comment, Page 16

● AIR FARES from the U.K. to the U.S. will rise by up to 33 per cent. on April 1 if an agreement between member-airlines of IATA is approved by Governments. Back Page

● RETAIL SALES volume in October increased by 1.6 per cent., according to provisional estimates. Back Page

● BREAD PRICE war is likely to break out in the New Year, with some supermarkets selling bread at half the maximum price, when controls on retailers are relaxed. Back Page

● MR. JOHN METHVEN, CBI director general, said 1977 would not bring as strong an upturn in world trade as had been hoped. He told the Financial Times conference on the economic outlook that both unemployment and inflation in the U.K. would remain high. Page 2

● DUNFORD AND ELLIOTT shop stewards said they were totally opposed to Johnson and Firth Brown's £3.72m. take-over bid for the company. Page 11

● LEYLAND CARS lay-offs climbed to the 10,000 mark, with trouble continuing at five separate plants. Page 11

● MARATHON'S Clydebank oil rig yard is suspending 1,000 men without pay from Friday. It delivers its last order, a £9.5m. rig for Abu Dhabi, on Thursday. Page 8

● NATIONAL CARRIERS' trading losses have been halved this year from almost £10m. to under £5m. Page 7

● FRENCH STEEL industry is about to make substantial cuts in its workforce for the first time in 30 years. Page 4

● WEST GERMAN Government is believed to be considering a major programme of public works to boost economic growth next year. Page 4

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Exchequer 13½pc '96 | £87¾ | + ¾ |
| Babcock and Wilcox | 65 | + 5 |
| Brentnall Beard | 46 | + 4 |
| Butterfield Harvey | 31 | + 6 |
| C.S.C. Invest. Trust | 49 | + 9 |
| Cavenham | 91 | + 4 |
| Charterhouse Group | 43 | + 5 |
| Decca "A" | 238 | + 16 |
| [illegible] Steels | 97 | + 5 |
| Edbro | 104 | + 7 |
| [illegible] | 39½ | + 6½ |
| Ever Ready | 107 | + 5 |
| GUS "A" | 168 | + 8 |
| GKN | 268 | + 10 |
| Harrisons Crosfield | 357 | + 12 |
| Hawker Siddeley | 418 | + 6 |
| IC Gas | 314 | + 8 |
| Intnl. Computers | 135xd | + 10½ |
| Kleinwort Benson | 72 | + 8 |
| Laporte | 89 | + 5 |
| Lloyds Bank | 192 | + 12 |
| Marks and Spencer | 94 | + 4 |
| Midland Bank | 242 | + 12 |
| Spear and Jackson | 100 | + 6 |
| Staveley Inds. | 158 | + 8 |
| Sun Alliance | 343 | + 15 |
| Thomson | 373 | + 7 |
| Thorn Elect. "A" | 176 | + 6 |
| Unilever | 412 | + 8 |
| Union Discount | 290 | + 10 |
| Woodhead (J.) | 95 | + 5 |
| Yorks Chem. | 94 | + 8 |
| Zennith Carb. "A" | 44 | + 7 |
| RTZ | 167 | + 8 |

FALLS

| | | |
|---|---|---|
| Ladbroke | 91 | − 4 |
| BP | 746 | − 12 |
| BH South | 105 | − 17 |
| Doornfontein | 220 | − 15 |
| East Driefontein | 585 | − 35 |
| Gen. Mining | £13 | − 1 |

Mrs. Thatcher declares total war on Bill

# Battle lines drawn over devolution

BY RICHARD EVANS, LOBBY EDITOR

THE BATTLE lines for the Government's devolution legislation were drawn in the Commons yesterday with Mrs. Margaret Thatcher pledging total Conservative opposition, while the Prime Minister hinted at significant concessions to secure its passage through Parliament this session.

At the start of the historic debate that will decide the degree of self-Government to be given to directly elected assemblies in Edinburgh and Cardiff, Mr. James Callaghan did nothing to dampen the hopes of those pressing for a referendum in Scotland and Wales and promised a Government decision shortly.

But Mrs. Thatcher, making no attempt to meet the sensitivities of Scots Tories in favour of devolution, set her rights on the destruction of the Scotland and Wales Bill as the two party leaders launched the four-day second reading debate. Not once did she mention the Conservative commitment to the directly-elected Scottish Assembly.

Mrs. Thatcher categorically rejected the Premier's plea that the Opposition should seek to amend the legislation rather than destroy it, and declared total war on the Bill, which will dominate the whole Parliamentary session.

"This Bill is a bad Bill and the thing to do with a bad Bill is to say so fearlessly, which I have done, and to vote accordingly, which I shall do," Mrs. Thatcher declared to cheers from her backbenchers.

She claimed that the Bill would satisfy no-one, and would lead to the very discord and conflict it sought to avoid, as well as endangering the unity of the U.K. and the authority of the Westminster Parliament.

### Comfortable

In contrast, Mr. Callaghan's low-key speech was greeted with virtual silence from the Labour benches and signs that he had done nothoing to calm the fears of Labour's anti-devolutionists.

Nevertheless, the indications are that the Government will get a comfortable majority — between 30 and 60—at the end of the second reading debate on Thursday. The Government will have Liberal, Scottish National Party, and other minority support and there will inevitably be a number of Scots and English Tories, including Mr. Edward Heath, who will defy the party's three-line whip. The probable number of Tory abstainers is around 20.

With more than half the 16 Scottish Tory MPs now prepared to defy Shadow Cabinet policy, Mrs. Thatcher faces the most serious party crisis of her leadership. What seemed apparent yesterday, however, was the overwhelming support fo rthe Shadow Cabinet's opposition to the Government's Bill from English Conservative MPs.

It is after the second reading that the Government's problems will start. During the line-by-line committee stage next year, there will be constant pressures from a combination of critics of the Bill for substantial concessions to be made, and Mr. Callaghan yesterday stressed the Government's flexible attitude.

He did, however, emphasise the Government's determination to see the Bill on the Statute Book by the end of the session. Parliament had a duty to end uncertainty for the people of Scotland and Wales, he declared.

Mr. Callaghan called for talks between the parties to decide a time-table on the Bill to ensure that all points are discussed adequately, but there is very little prospect that the tories will agree to this. The Government's greatest difficulty will therefore come when Ministers seek to guillotine debate on the Bill.

The Prime Minister opened the debate in the knowledge that the 70 or so anti-devolution MPs on the Labour side are unwilling to be blamed for killing the Bill at second reading. Most will vote for the Bill on Thursday, but will make their hostility known during the committee stage.

Mr. Callaghan said he recognised that a substantial body of opinion favoured testing the final scheme through a referendum. He pledged the Government to bring forward its own conclusions on the desirability of a referendum in Scotland and Wales after the Bill completes its passage through Parliament.

"I give an undertaking to those MPs in favour of a referendum that the Government will come forward with considered conclusions at an early stage," Mr. Callaghan declared. Mr. Michael Foot is expected to say more about the prospects for a referendum when he winds up the second reading debate.

Mr. Callaghan added that if the Government decided there should be a referendum, amendments would be put down to the Bill and an announcement would be made either during the Christmas recess or shortly after the start of the committee stage in January.

Although the Bill did not give the assemblies powers to raise extra taxes, Mr. Callaghan confirmed that the Government's mind was not closed on the issue.

Parliament Page 14

# Industrialists challenge Bullock report

BY JOHN ELLIOTT, MANAGEMENT EDITOR

AN ALTERNATIVE policy to the rapid introduction of trade union based worker directors on single-tier company Boards has been drawn up by the three industrialist members of the Bullock Committee of Inquiry on industrial democracy in the private sector.

In adidtion, the majority view of the committee about worker directors is also being challenged by another member of the committee, Mr. Nicholas Wilson. He is a partner in the London firm of solicitors of Slaughter and May and has written a note of dissent to the main report.

The major opposition, however, comes from the three industrialists who have refused to join the formal signing of the Bullock report which is to take place this morning—an event from which the chairman, Lord Bullock, is expected to be absent because of ill health.

Instead, the industrialists have prepared their own minority report with an alternative policy of a slow introduction of employee participation including, if the Government insists on legislating on the subject, a minority of worker directors in a two-tier system.

They also want banks, insurance companies, and possibly other financial institutions to be exclnded from any legislation to protect the international image of London as a major financial centre.

The three industrialists, all present or former company chairmen, are Mr. Barrie Heath of GKN, Sir Jack Callard, formerly of ICI, and Mr. Norman Biggs, formerly of Esso and now of Williams and Glyn's Bank.

They hope that their policy, while going further in the direction of worker directors than the CBI and many industrialists at present consider necessary, may prove to be a rallying point around which the CBI and others determined to defeat the main Bulock recommendations can gather.

The main recommendations in the majority report envisage trade union based employee representatives having a large slice of a Board in a single tier system, and the removal of considerable powers from shareholders.

While supporting this majority line sufficiently to be prepared to sign the report, Mr. Nicholas Wilson voices many reservations in his note of dissent.

He is believed to be worried that the cause of participation might be beter served if it were not forced by law, and he is also concerned about the little public understanding that exists on the subject.

He says there are limits to which legislation can be used for social engineering and disagrees with the majority's "2x + y" formula for a unitary Board because it would mean Boards being too large.

The industrialists' minority report starts by stressing that its three authors consider that the terms of reference given to the committee were neither satisfactory nor wise because it was asked how, not wether, the TUC's worker director ideas could be introduced. But having accepted seats on the committee, the three explain that they feel they should put forward the best ways of fulfilling the committee's remit.

They then lay down three aims for any new legislation. These are that the effectiveness of companies in generating wealth for the community as a whole should be improved, that directors should be accountable to employee, as well as shareholders, and that employees' wishes for involvement in decisions closely affecting their work should be satisfied.

Their main emphasis is on the need to build participation based on all employees, not just union members, from the bottom upwards. They also say that no worker directors should be introduced in a company until it has had an effective employee company council for at least three years.

Such an evolutionary process would prove that the parties want to work together co-operatively and would provide a basis from which to elect worker directors. It would also help to train potential Board candidates, and would involve employees in day-to-day issues.

The majority group's idea of a single-tier Board is rejected by the industrialists because they feel it would create conflicts of interest on collective bargaining matters and would involve the worker directors in discussions where they had no expertise to contribute. It would also disrupt the workings of existing Boards, would disilusion and frustrate managers and would bring potential conflict too close to decision-making.

Worker representation on unitary Boards, however small to begin with, would also prove to be the thin end of a wedge for trade unions to expand into what the industrialists believe is the unions' eventual goal — full worker control.

For this reason they sugbest that worker/directors should have seats on a supervisory Board in a two-tier structure power of shareholders. Worker directors, who would need to have been employed by the company for ten years and to have been a participation committee member for three years to qualify, would have a third of the seats on this Board.

Full details Page 16

# Rhodesia talks' chairman to visit Africa in recess

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

MR. ANTHONY CROSLAND, the Foreign Secretary, will to-day announce the adjournment of the Geneva conference on Rhodesia and will tell Parliament that Mr. Ivor Richard, the conference chairman, is to visit Africa during the conference recess.

The announcement, which will name January 17 as the date when the conference will resume, is also expected to make clear that Britain is now formaiyl committed to playing a direct role in any interim Government in Rhodesia which is set up as a result of the reconvened conference.

However, Mr. Crosland is not expected to explain this role in detail to-day. This will only be done after Mr. Richard has discussed British plans in Africa.

Mr. Crosland's statement follows consultation with the four African and the one white Rhodesian delegation in Geneva. It has the full backing of the U.S. having been discussed in week-end meetings in London between British Ministers and Dr. Henry Kissinger, the outgoing Secretary of State.

It is understood that the African delegations yesterday were informed of the contents of the Foreign Secretary's statement to-day. But they will be told officially of the adjournment when Mr. Richard to-day conveys the text of the Foreign Secretary's announcement in letters to all delegation heads.

None of the African delegation leaders whom Mr. Richard saw yesterday would comment on their reaction to the adjournment beyond saying that since it was a British conference, it was the British Government's prerogative to adjourn it.

However, although there is no doubt that all the African delegations welcome the more positive stand being taken by the Government, a number are concerned at the manner of the conference's ending.

In particular, delegates expressed regret that they have not been told details of the new proposals which Britain is understood to be preparing as a basis for negotiation by the resumed conference. They are worried that Mr. Crosland's statement to-day might turn out not to be positive enough to keep nu the momentum during the recess.

It is understood that on his African visit, Mr. Richard will meet the Front Line African President as well as the African nationalist leaders.

It is not clear whether he will go to Salisbury and Pretoria, although it is recognised that the attitude of Mr. Ian Smith, the Rhodesian Premier, to the new British proposals will be a key factor in determining the ultimate success of the resumed conference.

British strategy is being devised in close consultation with Washington and Mr. Richard's precise itinerary may not be decided until meetings are concluded with senior State Department officials who are due in London on Thursday.

● Speaking in Johannesburg on on his way home from the conference, Mr. Smith said: "I think we are further away from the objective than when we started."

Once the original Kissinger proposals were modified, he said, his undertakings to turn over power became "obsolete."

At a conference given on his return to Salisbury, however, he said that he had no plans at this time to try and reach a settlement with black Rhodesians unconnected with the nationalist movement, and that it was "a possibility" that he might try and negotiate with black participants in the conference during the recess.

# Polish PM for Britain

By David Lascelles, East European Correspondent

MR. Piotr Jaroszewicz, the Polish Prime Minister, who starts a three-day visit to Britain to-morrow, has said some lucrative contracts could result from his visit.

Mr. Jaroszewicz, the first Polish Prime Minister to come to London since the war, said Britain was one of Poland's most important partners in economic and cultural fields and he looked forward to expanding relations.

Poland's trade surplus with Britain is the biggest in Eastern Europe.

In a wide-ranging interview with the Financial Times—the first given by any senior Polish leader to the Western Press since the food riots in Poland last June, Mr. Jaroszewicz also denied that any workers were in jail because of their part in strikes. The riots "were caused by the dregs of society," he said.

Interview Page 4

# Philips to buy Pye TV interests

BY MAX WILKINSON, INDUSTRIAL STAFF

THE PHILIPS group proposes to buy the loss-making radio and television interests of Pye in the U.K., and those in Australia and Hong Kong.

The bid will require the approval of both the Australian and the U.K. Governments. A final offer for the Australian company, Pye Industries, will not be made until after the release of the 1976 accounts.

Philips already owns 60 per cent. of Pye. The latest deals are a response to falling demand for colour television sets in Britain and Australia. The division of Pye which produces television sets made a £2.2m. loss last year and a £2m. loss in the first half of this year.

Redundancy notices have already been served on 700 of the 1,500 employees in the company's factory in Lowestoft.

Under the proposals, Pye would be relieved of this loss-making arm, which would be fully integrated into Philips's profitable television and radio division. Production in Lowestoft is planned to increase.

One of the British Government's main concerns will be to ensure that Philips does not break the spirit of the 1967 agreement under which Pye's separate British identity was guaranteed. This agreement was made when Philips took its 60 per cent. share in the company.

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Yesterday Philips gave an assurance that the Pye brand names will be retained under the new integrated structure. It said that production at the company's television factory in Lowestoft would be expanded from the present 110,000 sets a year to 150,000 in the next two years.

The first indications are that the Government is unlikely to object to the deal, though full details of the proposal have yet to be submitted to the Department of Industry.

No financial details have so far been given about the British offer.

In Australia the integration of Pye and Philips, which would produce by far the largest electrical group in the country, would require the approval of the Trade Practices Commission and of the Foreign Investments Review Board.

Philips intends to offer \$A1.30 cash for each Pye share and an option to take up Philips shares at 80 cents a share.

In the U.K. the full merger comes at a time of declining demand for colour television sets and keen competition in the audio and hi-fi field from Japanese imports.

Philips and Pye together account for about a quarter of the home market in televisions. Philips hopes that under an integrated managerial structure Pye will be able to compete more vigorously for a market share. Pye's telecommunications and broadcasting divisions will not be affected by the proposal and the main company will continue its separate existence.



For latest Share Index 'phone 01-246 8026

LOMBARD

# The dangers of wage control

BY JOE ROGALY

ALTHOUGH it may sound like heresy, I am not at all sure that we need an incomes policy. There was a time when the arguments in favour seemed to me to be sensible, but this week, when a new PEP pamphlet entitled "The Next Stage of Incomes Policy" arrived it was immediately clear that the pamphlet will not tell us the story: that will come when Mr. Denis Healey produces his third 1976 Budget to-morrow.

For the next stage of incomes policy has already been decided. Unemployment will rise: everyone, on every side of the economic argument, acknowledges this, although some are more indignant about the fact than others. At the same time there will be some control over the rate of growth of the money supply—or, at the least a promise will be made that the Treasury and the Bank will try to exercise some form of discipline.

These two facts of economic life in the year or two ahead will surely do more to reduce the rate of growth of earnings than any agreements between the TUC and the Government. The history of the past ten years, and particularly the experience of the "social contract" do suggest that such bargains have an initial shock effect and that they can indeed determine the shape of wage restraint. But would any such thing have occurred if the rate of increase in the money supply had not fallen and unemployment had not risen? You do not need to be an economic witchdoctor to put forward this argument; the simple truth is that when times are bad ordinary members of trade unions become nervous, and the pressure to hold back on absurd wage demands is eventually felt even at the top. That is what happened last year, and it is the way we are likely to get restraint next year.

## Real world

I do not like this state of affairs, but dislike does not alter the real world. What does attempt to alter it, and for the worse, is a deal whereby the trade unions and the Government (with or without the CBI) conspire to run the country. The new PEP pamphlet evidently views the evolution of such a deal with equanimity. Its very first sentence says: "Our programme of research on *inflation* at PEP has led us to the conclusion that a permanent national incomes policy is necessary in order to balance the different goals that all governments have set for the management of the British economy. In particular, we cannot maintain full employment without increasing inflation in the absence of such an incomes policy."

The sad truth about the past two years is that in the *presence* of such a policy unemployment has risen and inflation is once again increasing. As PEP says, being out of work certainly does involve major hardship, but incomes policy does not seem to solve that, while it does have costs—the debit side of the "Social Contract"—that are in no way justified by any known benefits.

You can see the shape of such costs to come by looking at PEP's proposals for the next stage. The first two phases — £6 a week and its offspring — have "created substantial disruption" to manufacturing industry, says PEP. Therefore it wants plant bargaining, with the "establishment" allowed an increase of X per cent. in its *total wage and salary bill*, and local management given freedom to negotiate with the employees over the distribution between them of this global figure. This could be related to *changes in productivity, and the* size of the labour force, and whether or not the individual plant could show that it has a controlled system of pay and a "systematic method for agreeing differentials."

## Vetting

This would mean complications, and "some machinery for *vetting the agreements made* under the policy." It is but a short step from there to "a body staffed with the necessary technical and professional expertise to evaluate its more complex applications." Mr. Daniel doubts whether the TUC, ACAS or NEDO would want to give such staff a home; he concludes that "overall there would seem to be a lot to be said for setting up a separate body under tripartite control." Now I know the Dutch do just that very well — wage explosions apart — but in this country it seems like a recipe for permanent Government by the TUC.

The reason is that we have neither the strong Parliament needed to act as a counter-weight to such a burgeoning corporate institution, nor the necessary degree of trust between unions and employer organisations. The battles would not be economic; they would always be political as well. If that is the price of a formal incomes policy—with an apparent nil return—then the *sooner* we return to a free-for-all the better.

RACING — BY DARE WIGAN

# Birdland can win again

TEESSIDE, again has the field to *itself* to-day, the frost *not having* come out of the ground sufficiently to allow racing at Plumpton.

The most valuable event on the Co. Durham course is the *Londonderry Handicap*. Although there are only three runners, there is the prospect of a good contest between *Birdland* and Wylam Boy.

Birdland, after an inauspicious *start to the season*, has won his last two races and has to carry a 9 lb penalty, bringing his weight up to 11 st. 6 lb. Even so, I fancy that he may have the edge over Stephenson's gelding.

On November 13, *Set Point* and Current Gold dead-heated for the Wetherby Pattern Chase and the owner of each collected £1,681.57. On that occasion, Set Point, running in the colours of Lavinia, Duchess of Norfolk, was giving Current Gold 2 lb.

This afternoon Current Gold *was* set to concede 5 [illegible] so perhaps it is not surprising that he declined the engagement. Gold

TEESSIDE

12.45—Prince Pepe
1.45—Set Point
2.15—Sun Lion
2.45—Birdland
3.15—Firs Hill

Prince finished [illegible] long way behind them that day and there is no valid reason why he should reverse the form.

There are possibilities about Ask For Roger, who but for a *mistake at the last fence might* have beaten "good thing" Never Rock at Stratford. Provided that Set Point stands up, however, he ought to win.

At first sight the Middles*brough* Handicap Hurdle looks to be a trappy affair, but my idea of the probable winner is *Sun Lion*.

This gelding, by Sunny Way, won his two races over hurdles last season and last month was sent down to Ascot, where he was not disgraced when finishing third to Outpoint and Peter Scot, to whom he was attempting to concede 11 lb and 5 lb respectively.

A reproduction of that form would give him a first-rate chance here.

*Prince Pepe*, a winner over course and distance on November 16, is a logical choice for Division 1 of the Wynward Junior Novices Hurdle.

*Firs Hill*, who divided Fluellen and Gale Bridge in the valuable Vernons Organisation Handicap on the Flat at Haydock at the end of October, is preferred to Gone On in Div. 2.

SALEROOM — BY ANTONY THORNCROFT

# Manuscript makes £36,000

AN EARLY 15th century Dutch manuscript of the Hours of the Virgin, with 16 full page miniatures and 32 full borders, sold at Sotheby's yesterday to Maggs, the London dealers, for £36,000—and a 10 per cent. buyer's premium.

The manuscript, which is interesting because it was painted over a 40-year period by three artists, was sent for sale by Donald J. Wineman. It was expected to go for £15,000-£20,000.

Another good price, in an auction which totalled £128,300 with less than 1 per cent. unsold, was £24,000 from an anonymous bidder for a Latin Psalter, one *of the rare manuscripts produced* at Canterbury in the late 12th century. It was written and illuminated by Simon the Priest, and was perhaps commissioned by the excommunicated Odo of Charing as a sign of penance. It was sent for sale by the Bristol Baptist College.

Other good prices were £15,500, three times the forecast, from Waechter for an illuminated Hebrew manuscript, the "Scroll of Esther," produced in Italy in the early 18th century; £8,000 for *De Consultandi Ratione*, a Latin guide to diplomacy written in Naples about 1480 by Ferdinand of Cordova and £5,800 from Quarritch for a Florentine manuscript of about 1450 of a text on military strategy by Sextus Julius Frontinus, who died in 103 AD.

The Sotheby's auction of miniatures raised £86,560—with a high top price of £11,000, almost double the estimate, for a gold miniature of Augustus II, King of Poland and Elector of Saxony, by Peter Boy the Elder. Koopman gave £5,000 for a Swiss gold and enamel snuff box by Adrien-Jean-Maximilien Vachette. A gold snuff box of 17[illegible] signed De Gault, made £4,500.

Phillips held an important sale of 19th-century pictures which raised £169,045. Many lots beat their forecasts and Dutch landscapes did particularly well. The best price was the £15,000 from Canto for a tavern scene by Ferdinand de Braekeleer of 1859 entitled "The Unwelcome Guest." It was forecast at £8,000. Breeschoten gave £6,[illegible] for a coastal scene by Hendrik Mesdag and Williams paid £5,[illegible] for a frozen river landscape by Charles van den Bycken.

There was a sale of Chinese ceramics at Christie's which totalled £189,148. Bluett paid £11,000 for a large Ming blue and white jar and cover. Hirano, a Japanese buyer, bought an archaic bronze wine vessel and cover from the Shang, or early Chou, dynasty for £7,000. He also paid £4,500 for a similar vessel.

Other high prices were £6,500 from Bluett for a Shang tripod vessel in bronze, and the same sum from Deperrie for a T'ang glazed buff pottery figure of a standing horse. A mid-16th century Ming blue and white gourd vase went to St. Marchant for £6,000.

An ivory portrait relief of Michael Garnault, by David le Marchand, the Huguenot refugee in England, made an impressive £9,500 at a Christie's auction of sculpture and works of art which totalled £121,671. A porphyry relief of the head of Christ by Francesco Dell Tadda went for £5,000 to the London dealer Dumez-Onof. A white chalcedony and silver bust of a Roman Emperor, probably Augustus, made £5,000.

## Homes sought for 200 cats, 700 beagles

LONDON ACCOUNTANTS, Whinney Murray and Co. are to hold talks with the RSPCA about 700 beagles and 200 cats at the West Wales animal breeding farm of Olac (Western) at Capel Isaac, Llandeilo, Dyfed.

The farm is in liquidation and will cease to trade on December 24.

The 18 staff are to be made redundant and unless the animals are bought by other breeding companies or offered homes as pets, they will have to be destroyed.

Three weeks ago a group calling itself the Animal Liberation Front claimed to have "rescued" 11 beagle puppies from the farm to prevent them being used in laboratory experiments.

The farm was once the largest laboratory animal breeding centre in Europe.

WINE — BY EDMUND PENNING-ROWSELL

# Buy now, but drink later

THANKS, it might be said, to the International Monetary Fund, by the time this article appears everyone will have bought their wines for Christmas. And if, *as* has been rumoured sufficiently far in advance to give the wine trade its best Christmas business for some years, Mr. Healey announces further imposts, the *bottles should already be* home but not, it is to be hoped, [illegible] day.

I am, therefore, spared the need to offer the usual seasonal advice on what to lay in for *drinking over* Christmas and the New Year; in any case nearly all fine wines acquired [illegible] would need time to rest. Moreover, in my view these are [illegible] the occasions for the contemplative consumption of special bottles. At jolly family parties burgundy goes ill with balloons, fine claret with crackers.

Nevertheless this is an appropriate time of year to take stock, if only mentally, of one's reserves of better bottles in order to make good the depredations of the past six months in which wine was sometimes easier to come by than water.

## Near the end

Such a stock-taking is particularly timely just now, for it looks very much as if we are nearing the end of a period of exceptional bargains in fine wines; and by fine wines I mean vintage wines of superior quality from leading regions and districts. In the bust-after-boom conditions of the past two or three years, stocks in this country have been mopped up to a great extent, while purchases abroad have been the exception. Indeed foreign buyers have been coming here in droves, and prices in the auction room have been rising slowly but steadily. One does not have to be a student of the exchange rates to be aware that replacements of even young vintages will certainly not cost less than most of the finer reasonably mature French and German wines available so copiously here in Britain, these last two years. So now is the time to buy, for drinking later.

*The most obvious example* is, of course, bordeaux, not only because of the over stocks and the slump, but also owing to the fact that there have been three moderate-to-poor vintages in '72, '73 and '74. This naturally increases attention to earlier years of good repute.

Certainly the best claret vintage to buy now is '66. No doubt '61 was a better year, but it is now growing expensive while the succeeding '62s and '64s are irregular. Classed - growth, château-bottled '66s may still be bought at between £4 and £6 a bottle, excluding the first growths, and in present-day cash terms this is inexpensive for wines now ten years old and this is the *minimum age at* which, in the opinion of those who ought to know, it is "permissible" to draw the cork of a [illegible] of fine claret.

The '67s are agreeable, but not, [illegible], the vintage for this *en* [illegible] *année* purchase. I cannot [illegible] many of them improving [illegible], and here we are looking [illegible] a little ahead. This, then, brings [illegible] to the '70s. How great a vintage this much publicised [illegible] year will turn out remains to be seen, but it is certainly the best until '75. Nor should the '71s be ignored: more [illegible] than their immediate predecessor and likely to develop more quickly. These '70s and '71s, still lower-priced than the '66s, already have a welcome amount of bottle-age. As the [illegible]-rates are the same irrespective of quality, the best bargains lie among the finer wines.

For sauternes, the vintages to buy are '70 and '71. The always expensive Yquem apart, they are very moderately priced and should last well and improve.

Red burgundies are so variable that it is much less easy to recommend vintages than it is with Bordeaux. Failing prior knowledge of a particular wine, it might be unwise to buy anything older than '66, and for future drinking, perhaps, it would be safer to come down to '69. This is not because burgundy intrinsically does not "keep," as is often stated these days, but because some growers have over-produced and also made their wine for early consumption. Everything depends on their source. (When in Beaune for the Hospices sale I enjoyed *splendid* Volnay Caillerets '47 and Beaune Teurons '28 from Bouchard Père et Fils' own vineyards, but it would hardly be safe to recommend these vintages now.)

## Best year

The '66s red burgundies can be excellent and the better-made examples will keep well. Sixty-*nine was* possibly the best year until 1976, for it produced big wines with plenty of stuffing. The '70s, often better than predicted, are for drinking now, but for laying down the '71s are the next choice, though the robust, slow-developing '72s should not be overlooked. Until this year's vintage there is nothing to touch them.

The three white burgundy vintages that particularly repay buying now are '69, '71 and '73. The first of these should be bought bottled in Burgundy, as they are likely to have kept best. They are big, fruity wines of substance. The '71s are more elegant, while the '73s have fine balance and are believed by some Burgundians *to be the best vintage* since '62. Prices here for such wines are well below those in France, and the excellent '76s will be dearer still.

Before leaving France, a look should be taken at the finer red Rhônes, whose popularity has increased as burgundy prices have risen. The best are undoubtedly Hermitage, followed by Côte Rôtie, and, for those who like powerful wines, Châteauneuf-du-Pape. Nearly all these wines are drunk too young, and repay laying down. The best years for this are '71 and '72.

## Good case

The continual rise in the Deutschmark against the pound provides a particularly good case for buying fine German wines now but for drinking later. It is a myth, not always dispelled by merchants, that all German wines call for prompt drinking. This may apply to the lesser quality wines, such as Liebfraumilch, but certainly not to the *spätlese* and *auslese* varieties. The '71s are still worth buying for a moderate laying-down period. After these the '75s are certainly to be bought, especially the Moselles and Rheingaus.

The other wine that clamours to be acquired now is vintage port. Hit worse by the aftermath of the speculation boom more than any other wine, save first-growth claret, it has dived in price. For while young clarets may at a pinch be drunk young, vintage port really needs 12 to 20 years to mature. So the problems of storage and locked-up cash have resulted in bargain prices. There is still a good deal of '60s, '63s, '66s and '70s about. The now 13-year old '63s would be my choice, followed by the '66s. While still available at very reasonable prices, they are preferable to the '70s, *as yet the* last port vintage to be declared. For drinking now, however, the '60s are strongly recommended.

It is not possible here to detail the particular growths or shippers' wines to buy, or the merchants to whom one should apply. The information should be in the lists of those wine merchants who buy vintage wines early and hold them until at least approaching maturity: but without personal experience of any wine, it is always risky to buy by label or even by vintage. Better to consult personally one of these stock-holding merchants; a form of consultation less expensive and often more rewarding than some other types of confrontation.

FINANCIAL TIMES ECONOMIC OUTLOOK 1977 CONFERENCE

# Chancellor must boost confidence says Methven

BY JAMES McDONALD

NEXT YEAR would not bring as strong *an upturn in world* trade as had ben hoped, Mr. John Methven, director-general of the Confederation of British Industry said in London yesterday.

Addressing the Financial Times conference on "The Economic Outlook—1977" two days before Mr. Healey's mini-Budget he forecast that unemployment in the U.K. would remain depressingly high; Britain's rate of inflation would continue to be significantly higher than that of our stronger trading competitors; and growth in output would depend largely on how fast Britain managed to increase her exports.

Mr. Methven repeated the CBI's views on what to-morrow's Government's package should be.

"First it must prove to our creditors that the U.K. is tackling its economic problems, particularly in terms of Government overspending.

"We need a strong, stable currency and we certainly won't get that unless our creditors are convinced that this time the Government means business on this point.

"Second, it must boost business confidence which has flagged seriously and for good reason since the summer. And *third it must avoid any measures* which could result in massive deflation, for domestic demand in the U.K. is likely to be pretty depressed in 1977 anyway."

## Poverty trap

These requirements would be filled by a package of measures which set out a phased programme of cuts in public expenditure rising to £3bn. in 1975-76 *prices by 1979-80*.

There should also be a phased programme of cuts in direct taxation to restore incentive and reward (those caught in the "poverty trap" and management were two priority groups needing early attention in the spring, 1977 Budget) and a firm commitment to bring the U.K.'s rate of inflation down in line with its strongest competitors as soon as possible.

"This means policies which avoid a pay explosion after next July and keep the rate of monetary expansion for the year from mid-1977 to about 10 per cent., with a corresponding limit for domestic credit expansion."

The country's prospects for 1977 depended on the Chancellor's package, Mr. Methven declared. It must not fail us.

On the brighter side, Mr. Methven pointed out that our coal reserves, at present rates of consumption, would last over 300 years.

The country could expect to achieve self-sufficiency in oil by 1980 and its agriculture was among the most efficient in the world.

Mr. Len Murray, general *secretary of the TUC*, was reluctant to forecast the economic outlook for 1977 except in the most general terms in advance of to-morrow's mini-Budget.

*He told the conference*, however, that despite all the pessimism that was prevalent there had been a remarkable achievement in halving the rate of inflation. "We must keep our nerve," he declared.

The TUC accepted the need to shift resources to manufacturing industry. Deflation was "not the answer to our problems." It would not improve productivity *but would* undermine confidence and affect Phase Three of the wages policy.

The TUC accepted that the IMF loan was conducive to industrial strategy so long as the *need to maintain industrial activity* was at the heart of that strategy.

"There are prices one cannot pay. At the end of the road our members' attitudes will be *the conditioning factors*."

The rapid erosion of the financial incentives of the professional manager posed a threat to the strength of the management profession and therefore to *the prospect of economic recovery*, Sir Derek Ezra, chairman of the British Institute of Management and of the National Coal Board, claimed.

"The impact of what, in effect, are *substantial* pay *cuts* on the morale and motivation of managers is worrying. The danger is that performance will suffer even among the most dedicated managers.

"*The incentive* to show initiative, to acquire new skills, to take risks, and to seek a greater burden of responsibility, is being eroded."

The immediate question was what *should follow* the present pay policy beyond July, 1977. The institute's council would be debating to-day proposals based on wide consultation within its standing committees, branches and *regions and would draw up* a submission to put before the Chancellor.

This was likely to say that:

1—The eventual aim should be to return to a position free from direct *pay controls*.

2—There should nevertheless be a further round of effective wage and salary restraint after July, 1977, to avoid a pay explosion.

3—Within any new round it would be essential to prevent any further erosion of pay differentials and to introduce some degree of flexibility in negotiations.

4—The most important single change from the present policy should be the introduction of a percentage pay norm with no flat-rate elements.

5—Other elements in the new pay deal should be group limits, a small flexibility margin, and an end to the present prohibition of self-financing discretionary increments based on performance and achievement.

6—There was a strong case in principle for new efficiency deals, but these would have to be introduced in a way that did not weaken the general effectiveness of the pay policy.

7—Suitable alleviation in direct taxation should play a major part in the new pay deal.

## Forecasting

"If there is one key factor required to motivate managers and workers alike in the present situation it is the restoration of a system of rewards more effectively related to the nature and responsibility of the job.

Mr. James Morrell, director of the Henley Centre for Forecasting, made certain assumptions about the forthcoming cuts in the public sector borrowing requirement before making his forecasts for 1977.

He believed the public borrowing requirement would be cut back *from £10.5bn.* to £8.5bn. and that the growth of money supply would be limited to 12 to 12½ per cent. this fiscal year and 9½ to 10 per cent. next.

Fiscal adjustments would *consist of cuts in current spend*ing, as well as selective increases in indirect taxes.

"The additional assumptions are that a back-up medium-term credit will be agreed, following the completion *of the IMF loan*, and that income and price limitation will be extended for a further year from August, 1977."

Mr. Morrell said that, given the present low value of the pound and the strength *of* British export order books, 1977 should be a year of strong growth *for* exports of both goods and services.

Mr. Morrell forecast that the *total output of the economy* would probably grow at about 2½ to 3½ per cent. in 1977.

A European view of Britain's business prospects was given by Mr. Alain Camu, from Belgium, a *director of Hill Samuel*.

He described Britain as "a sick and disillusioned nation" not taking full advantage of membership of the European Community and said the country had to regain its morale.

Mr. Terence Higgins (Conservative MP, Worthing) said that demands for import controls must be resisted.

British industry faced a grim winter in which profits, squeezed by the Government, were dangerously low.

# TV/Radio

† Indicates programme in black and white

## BBC 1

12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. *3.20 Fo A Fe. 3.53 Regional News* (except London). 3.55 Play School. 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 Animal Magic. 5.00 John Craven's Newsround. 5.10 The Great Grape Ape Show. 5.35 Ivor the Engine.
5.40 News.
5.55 Reporting England.
6.20 Nationwide.
6.40 The Goodies.
7.10 Gemini Man.
8.00 It Ain't Half Hot Mum.
8.30 Mastermind.
9.00 News.
9.25 My Children, My Children.
10.35 To-night.
11.15 Signs of Trouble.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 p.m. Wales To-day. 6.40-7.05 Heddiw. 7.05 Campus! 7.30-8.00 Cawl A Chan. 11.40 News for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 6.40 The Songs of *Scotland. 7.00 Gemini Man. 7.50* It Ain't Half Hot Mum. 8.20 Mastermind. 8.50-9.00 Party Political Broadcast on behalf of the Scottish National Party. 11.40 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.40-7.10 Christmas Canticle. 8.20-9.00 Spotlight on Northern Ireland affairs. 10.35 Mastermind. 11.05 Signs Of Trouble. 11.30 News for Northern Ireland.

England—5.55-6.20 p.m. Nationwide (London): Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham): Look East (Norwich): Points West (Bristol); South To-day *(Southampton); Spotlight South*-West (Plymouth). 6.40-7.10 North (Leeds) Close Up North; North-West (Manchester) With Christmas In Mind; North-East (Newcastle) Looks Natural; Midlands (Birmingham) Prime Cuts; West (Bristol) Time For Music; South-West (Plymouth) Peninsula; South (Southampton) The Getaways; East (Norwich) Question 4.

## BBC 2

11.00 a.m. Play School.
2.30 p.m. Trade Union Studies.
3.00 Looking At Documentary.
3.30 Peter Donaldson's Illustrated Economics.
3.55 Open Door.
7.00 News on 2 Headlines.
7.05 Zarabanda.
7.30 Newsday.
8.10 Floodlit Rugby League.
9.00 Oneupmanship.
9.30 Tennis—Commercial Union Masters' Tennis Tournament.
10.15 Worldwide: Television in Black Africa.
11.10 Late News On 2.
11.20 The Old Grey Whistle Test.

BBC-2 Scotland only—12.00-12.10 a.m. Party Political Broadcast on behalf of the Scottish National Party.

## LONDON

9.30 a.m. Felix The Cat. 9.35 Let Them Live. 10.00 Battle For Cassino. †10.50 Meet Shirley Temple in: "Just Around The Corner." 12.00 Issi Noho. 12.10 p.m. Rainbow. 12.30 Making Things Do. 1.00 News, plus FT index. 1.20 To-day's Post. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Sam. 3.20 Looks Familiar. 3.50 Emmerdale Farm. 4.20 The Arrows. 4.45 Magpie. 5.15 Out Of Town.
5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 The New Avengers.
9.00 Dickens Of London.
10.00 News At Ten.
10.30 Tuesday Thriller: "Phantom of the Rue Morgue."
12.00 "Big Date," followed by "Champ."
12.25 a.m. Close: Leonard Pearcey reads Prayers from the Ark by Carmen Bernos De Gasztold, translated by Rumer Godden.

All ITV Regions as London except at the following times:—

## ANGLIA

9.55 Feature Film: "Gunfight at Comanche Creek," starring Audie Murphy. 11.25 Forgotten Frontier. 11.55 The Woozles. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 The [illegible] 6.00 About Anglia. 10.30 The [illegible] Ashley. 11.30 Angling [illegible] Night Gallery. 12.30 a.m. [illegible]

## ATV MIDLANDS

10.30 a.m. Foreign Flavour [illegible] Morning Matinee: "To See [illegible]" (animated film). [illegible] Hamster. 1.20 p.m. ATV [illegible] ATV Today—FT: I. 6.00 [illegible] FT: II. 7.00 The Tuesday [illegible] the Spies Are" starring [illegible] 10.30 The Rise and Rise of [illegible] 11.30 Angling Today.

## BORDER

9.55 a.m. Tree Top Tales. [illegible] combers. 10.50 Tarzan. [illegible] Frontier. 11.50 The Woozles. [illegible] Border News. 2.00 p.m. [illegible] Border News and Lookaround. [illegible] Mystery Movie: McCoy. [illegible] Political Broadcast on behalf of the Scottish National Party. [illegible] and Rise of Laura Ashley. [illegible] Hamilton IV. †11.57 [illegible] Summary.

## CHANNEL

†1.25 p.m. Channel Lunchtime News and What's On Where. [illegible] World in 48 Hours. †6.00 [illegible] 7.00 Cartoontime. 7.10 [illegible] Movie: "The Delphi Bureau" [illegible] Commentaries et Prévisions Météorologiques.

## GRAMPIAN

[illegible]

## GRANADA

[illegible]

## HTV

[illegible] 10.30 The Rise and Rise of Laura Ashley. 11.30 Phyllis.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Wathethna? 6.00-6.18 Y Dydd. 10.30 Devolution Special. 10.45 Ffasiwn Beth. 11.30-12.00 World In Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

## SCOTTISH

[illegible]

## SOUTHERN

[illegible]

## TYNE TEES

[illegible]

## ULSTER

[illegible]

## WESTWARD

[illegible]

## YORKSHIRE

[illegible]

## RADIO 1 — 247m

(S) Stereophonic broadcast

[illegible]

## RADIO 2 — 1,500m and VHF

[illegible]

## RADIO 3 — 464m, Stereo & VHF

[illegible]

## RADIO 4 — 434m, 330m, 285m and VHF

[illegible]

## BBC Radio London — 206m and 94.9 VHF

[illegible]

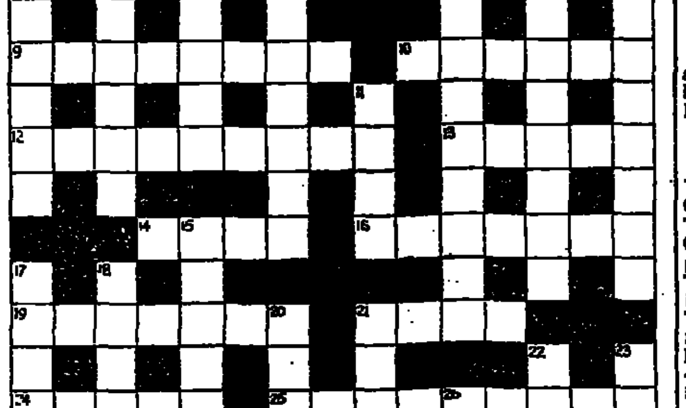
## London Broadcasting — 261m and 97.3 VHF

[illegible]

## Capital Radio — 194m and 95.8 VHF

[illegible]

## F.T. CROSSWORD PUZZLE No. 3,259



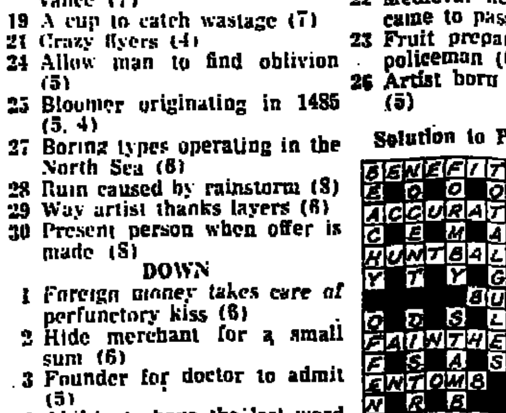
ACROSS

1 Ignores shares passed on (4, 4)
5 Article on French capital company ratify (6)
9 Fastening necessary allowance for wife (3, 5)
10 Able to make hundred at bar (6)
12 Complete account of healthy certificate (5, 4)
13 Boredom is partly a rotten nuisance (5)
14 Cart back detectives (4)
16 Paid player to dust in advance (7)
19 A cup to catch wastage (7)
21 Crazy flyers (4)
24 Allow man to find oblivion (5)
25 Bloomer originating in 1485 (5, 4)
27 Boring types operating in the North Sea (6)
28 Ruin caused by rainstorm (8)
29 Way artist thanks layers (6)
30 Present person when offer is made (8)

DOWN

1 Foreign money takes care of perfunctory kiss (6)
2 Hide merchant for a small sum (6)
3 Founder for doctor to admit (5)
4 *Ability to have the last word* on pleasantness (7)
6 Happened to have scratched (6, 3)
7 Creator is not riven asunder (8)
8 10-1 public transport upset by man of discipline (8)
11 State of excitement over strike in wings (4)
15 Act for salesman about to get posted (9)
17 They keep the service going at Wimbledon (4, 4)
18 Chatterbox is a quiet person making a racket (8)
20 Snowman is still single (4)
21 Sleepy supporter shares confidence with us (7)
22 Medieval hero who fatefully came to pass (6)
23 Fruit preparer used to be a policeman (6)
26 Artist born to foreign queen (5)

Solution to Puzzle No. 3,258



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**ent Garden**

# Ileana Cotrubas

by RONALD CRICHTON

: nothing else, the present of Sunday evening recitals vent Garden will be bered for Sunday's Lon- but as Lieder singer of an already known and loved n opera. Ileana Cotrubas new role won such success e shall surely soon hear front of the curtain again.

: who loves German and their French (or ) equivalent well sung take the next opportunity. s the kind of exquisite, ual artistry that becomes ary.

one who had heard Miss as sing Susanna, Norina, a or her Melisande, to some of her roles would loubted the suitability of ce to a wide range of song. ey might still have been ared for the excellence of roups of Schubert and s which respectively . and closed this recital. Schubert's "Die Junge the programme started unusually high level of : both singer and pianist ey Parsons, always excel- owhere more so than in two groups) struck their orm at once. The final of "Delphine" confirmed liss Cotrubas can use a not large in volume but with uncommon powers of sion and ardent phrasing excitingly big, dramatic hat might seem beyond its

This was clear not only in Schubert but in Brahms (how good he is to end a song recital with) in spite of some evidence that Miss Cotrubas sometimes allows her line to falter and grow momentarily tremulous—yet the next phrase always put things right. Like other singers from East of Vienna (she is Rumanian-born) she allows herself a wider range of gesture than her German or British colleagues, but these movements and attitudes are both elegant and natural: she mustn't be talked out of them by well-meaning English admirers.

Between the big Germans we were for once allowed to hear something by her distinguished compatriot, Georges Enesco. In fact the *Seven Songs of Clément Marot* have French words and are virtually French music, fluent in their use of Debusyish archaism, welcome and agreeable if a little mild for the more boisterous Renaissance moods (in "Changeons propos" for example). Enesco was followed by this artist's tribute to Britten, in the form of the Pushkin cycle *The Poet's Echo*, sung in Russian with a perception which will no doubt deepen yet further. Of the encores, Duparc's "Chanson Triste" revealed yet warmer colours than we had already heard and more tender soaring lyricism. With this enchanting artist not yet in her full prime, one looks forward eagerly to future evenings on this high level.

**Theatre**

# Stephen Montague

by DAVID MURRAY

ets handed out at the door ICA on Sunday reminded its little theatre is about re in a Closing Event. Stephen Montague's nd-electronics recital. houghts strayed back to t least as often as they l anywhere else—the helped one to contem- he threat with reasonable ure. The 60's have, in ther places, been reckoned or some time now. Mon- seemed a competent per- (on the piano, at least: ost musicians involved in nporary works which re- hem to do more than just e has the theatrical style stagehand asked to walk while somebody checks ghting). His programme he familiar 60's avant- mix—a bit of "advanced" with tape, a bit of light- several bits of Dada, some- or the kids. It missed out the well-loved passage some of the wires prove e been connected to the plugs.

the record, I should report e "advanced" piece, more e than for piano, was by ej Dobrowolski, and it lated the live piano sound into its familiar range of electronic noises rather convincingly. Compared to everything which followed, it sounded overbearingly purposeful. There was a mean selection of John Cage skits, rendered quite anonymous, and an oscilloscope film which gained nothing from its Moog accompaniment and gave nothing in return. Another film was later projected on Mr. Montague's chest while he made a sort of electronic keening; it was imperceptible, but it was said to be by his brother, "created for use in a live performance situation."

One of Terry Riley's serene sound-mantras, which repeat a few notes endlessly with occasional tiny variations, began the second half: low-profile experiment which can inspire affection (and does, in this listener) but hardly provokes comment. The evening concluded, as far as I know, with a Scene by Tom Johnson for piano and loud-speaker, the latter chatting archly away like a human duettist. Minute by minute I calculater how good an eventual punch line would have to be to justify what had gone on thus far. When the probability of the punch line's being that *good* approached vanishing point, I retreated.

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**American art**

# Aspects of New York

by DENYS SUTTON, Editor of Apollo

Ernest Lawson: The old Grand Central

The idea that American art dates only from our own period is untenable. One result of the Bicentenary has been to present different facets of the varied contribution that the U.S. has made to the visual arts. Not all the exhibitions designed to promote fresh conceptions have proved successful. The attempt made at the Museum of Modern Art to link some of the more abstract members of the New York School with past was by no means convincing.

The concern with American art is reflected in the exhibitions generally on view in New York. Some are on the thin side but others permit a fresh look to be taken at more or less established figures. A case in point is Ernest Lawson, who is at the ACA Galleries. It is the most comprehensive exhibition of his work to have been held. Lawson has a special appeal to English eyes for he served as the model for Frederick Lawson in Somerset Maugham's celebrated novel *Of Human Bondage*.

Lawson, who was born in Halifax, Nova Scotia in 1873, was the son of a doctor. He studied art in New York and then in Connecticut under Twachtsman and J. Alden Weir. He was naturally attracted by Impressionism, a style that further stimulated him when he met Sisley at Moret-sur-Loing in 1893. The fact that American and French painters were mutually attracted to the Impressionist vision is well known enough, but some explanation for this phenomenon is required.

The exhibition shows that Lawson, though uneven, had a fine eye for tonal values. His delicacy is evident in *Old Grand Central Station* in the Arthur G. Altschul collection; the affinity with Marquet is striking. Like many an Impressionist, Lawson was at his best when painting winter scenes.

Some attempt has been made

**The Entertainment Guide is on Page 32**

to relate his use of impasto to that found in Central European expressionism. But this may well seem far-fetched; if a source is required for his jewel-like surface it might be found in the paintings of Monticelli or Mancini which were well known in the Paris of his time.

Lawson was in many ways a tragic figure. He took to drink and led a complicated life. His painting went downhill and the final works in the exhibition are a disappointment. But at his best this gifted member of the Eight — its only landscapist — has a personal vision. He died in 1939.

The visitor to New York is apt to take in the Metropolitan Museum, the Frick and the Museum of Modern Art and to neglect such less familiar institutions as the New York Historical Society on the West side of the Park. However, not only does it possess a varied and interesting collection—the Audobons are celebrated—but it stages exhibitions of considerable interest. At present it has a show devoted to American advertising posters of the nineteenth century from the Bella C. Landauer collection.

Posters are fashionable nowadays and this show should be brought to London. It would create something of a stir if shown at the American Embassy, which has the space for it. The posters themselves are often lively and amusing and in many instances they provide a picture of American life of the past. It is as if we were seeing the U.S. through the eyes of Dickens and other foreign travellers who were fascinated by the oddities of existence.

Londoners will be fascinated by a poster which shows the Last Days of Pompeii, a firework display which was held on Manhattan Beach to the sound of "descriptive music" played by Gilmore's band. The fun of such posters is considerable. One of the most entertaining is one for the Great Atlantic and Pacific Tea Company in which visitors to the station buffet are shown bolting their refreshment before "the diamond stack engine leaves the station."

The tang of New York life in the 1890s comes across in an entertaining poster, "The Hoffman House" Bouquet Cigar. Hoffman House was a fashionable hotel in Manhattan Square and the bar exclusively reserved for men was famous, containing as it did a Bouguereau painting of naked nymphs. Alas! many landmarks of old New York have disappeared in recent years and those who cherish the past will spend an enjoyable half-hour wandering round this show.

The amount to be found out about American 19th-century sculpture is brought home by the show of the work of Daniel Chester French (1850-1931) at the Metropolitan Museum. He is best known to the visitor for his monument to Richard Morris Hunt just opposite the Frick Collection on Fifth Avenue. This exhibition reveals the breadth of his achievement. He was a capable and expressive modeller and owed much to the French in this domain. He had a keen eye for a pretty model and his blend of elegance and idealism makes him an attractive artist.

**Record review**

# Joni Mitchell

by ANTONY THORNCROFT

This has been another good year for Canada, that hopeful land which produces more than its due of musical talent. In the Neil Young and Gordon Lightfoot tradition came the McGarrigle Sisters, with their own bitter sweet songs freshly gathered on their debut album and, more recently, Heart, has hit the cash jackpot with the commercially explicit *Dreamboat Annie* LP.

Just to sew it up the most accomplished Canadian artist of them all, Joni Mitchell, has released an album, *Hejira*, which moves her finally out of the popular and into the classical tradition. Joni Mitchell has struggled for years to confine her genius to the conventional popular song. From the early days, with compositions like "Woodstock," she was writing with a perception and poignancy way beyond the call of her recording contract—which is why "Woodstock" remains the most philosophical expression of the entire flower power fantasy of the sixties.

By the time she was recording "Blue" her writing skills, her delicate melodies and her restrained arrangements were in key to create one of the best albums of the current renaissance in popular music.

Since then she has left the mass market behind. In her late 1975 contribution, "The Hissing of Summer Lawns," she turned her super-sensitives poetic eyes on contemporary North American society, to the disadvantage of both parties. In *Hejira* she subjects herself to withering self-analysis in a group of songs which have almost abandoned melody and any pretence at commercial success — unless the "jocks" on Radio Three get behind them and push.

But *just as Mohammed's* original Hejira, his flight from Mecca to Medina, marked the start of the Islamic expansion, so Joni Mitchell's Hejira opens up her talent. Instead of tunes there are rhythms which blend with the precision of a chamber group and there are lyrics which retain all Joni Mitchell's old skill with words and add the self-perception and honesty which come with age.

The subjects are familiar—affairs, both casual and longer lasting; the conflict between her vast riches from music and the rough travelling on the road. She sings of a meeting with an old Blues man from Beale Street but instead of a panegyric there is a confession of the distance between them: "Why should I expect that old man to give it to me true/Fallin to hard luck/While our limo is shining on his shanty street."

The tradition of setting poems to music is an old one: it has rarely been more movingly and successfully consumated than on this very fine album which grows with every airing.

# British Library Report highlights conservation effort

The British Library's third annual report published yesterday reveals that during the year the Library conducted a major review of the problems of conservation of the priceless collections it inherited from the British Museum. The Board commissioned a consultant to report on the state of conservation of the Reference Division's 9m. books, many of which have suffered from age, use, and the London climate: his report prompted the Board to put in hand "a long-term and sustained expansion of the present conservation effort." Substantial resources have been allocated to a new Conservation Branch, and a research programme is to be put in hand to develop bulk methods of conservation. As far as possible books will be removed from storage in bad environment.

"All major cataloguing and indexing activities within the Library are now computer-based," the report says, "with the result that much improved services can be provided for readers who wish to consult books and periodicals acquired since the middle of 1975." In addition "the catalogue records held by the computer can provide an extensive range of local cataloguing services to a wide variety of libraries in Britain and overseas."

The Board looks forward to the start of building operations on its new building at Somers Town. Detailed planning is under way and construction should start in 1979 "if economic conditions at that time permit."

The Library's Research and Development Department promotes and sponsors research and development related to library and information operations in all subject fields.

The British Library is empowered to make grants to other libraries and eleven such grants are briefly mentioned.

The year was an outstandingly good one for exhibitions. The Report refers, among others, to the American War of Independence exhibition (opened by HRH the Prince of Wales), and to the Qur'an and Jane Austen exhibitions.

The Library most important acquisition was the unique manuscript of Malory's Morte d'Arthur, purchased in March from Winchester college.

The Library was established in July, 1973, when the Reference Division was formed out of the library departments of the British Museum, and the Lending Division from the National Lending Library for Science and Technology and the National Central Library. The Bibliographic Services Division was formed in August, 1974, when the British National Bibliography joined the British Library, and in the previous April the Research and Development Department was established to take over most of the functions of the Office for Scientific and Technical Information transferred from the Department of Education and Science.

**k review**

# Grainger and Brian

by DAVID MURRAY

Grainger by John Bird. £10.00. 317 pages
Music of Frank Bridge by Anthony Payne, Lewis Foreman and John Bishop. Thames Publishing (14 Barlby Road, London W10 6AR)
. 88 pages
Havergal Brian: the making of a composer by Kenneth Eastaugh. Harrap, £10.00. 337 pages
Havergal Brian and the performance of his orchestral music by Lewis Foreman. Thames Publishing (14 Barlby Road, London W10 6AR)
pages

ks about obscure composers are a problem. When we y know and love someone's a natural interest attaches s biography, which we se must somehow illuminate what he composed; and is always room for analytic ts which reveal features of usic one had perceived but not noted, or failed to perceive at all. But it's the prior acquaintance that gives point to the book: without it, biography and analysis alike seem to hang in the air.

John Bird's new study of Percy Grainger triumphs against the apparent odds, simply because his subject was a monstrous fiction incarnate, jointly created by himself and his extraordinary mother. A genteel Australian woman with elevated Bohemian ideals, she controlled her wretched English husband with a horsewhip while fiercely raising her son to be an Artist (piano-playing, water-colours and Fauntleroy costumes). The father makes ever-briefer, more ludicrous and pathetic appearances in the book, ridden with syphilis and alcohol, while Rose Grainger takes her peroxided prodigy off to the grander stages of Germany and England. It was an all-but-incestuous *folie à deux*, and it lasted until "poor put-upon Percy" was 40, when Rose flung herself from the 18th-floor window of a New York office. (She had always supervised his choice of sexual partners with motherly care, but seems to have been unnerved by his candid declaration that carnal relations—preferably flagellatory—with nubile daughters were what he most desired.) Thereafter he contracted a long, happy and flagellatory marriage: art and sex were, as he often remarked, the only things that interested him. He was fortunate not only in being attractive to both sexes, but in having a perfectly genuine musical *persona* both as a pianist and as an inventive arranger.

In a way, he would have liked best to be a revolutionary composer, but that ambition was compromised by some uncertainty of aim: the idea of a new Free Music was stronger with him than actual compositional intentions, and the conviction of being a born Artist stronger still. Much of his later life was taken up with assembling the materials for a Grainger Museum (which meant recovering innumerable ghastly letters to former friends, as well as more special projects like collecting close-up photos of the eyes of successful blue-eyed musicians—Grainger was a fantastical Aryan suprematist, to the extent of expunging Latinate words from his prose in favour of neo-Nordic equivalents).

The tact with which Mr. Bird chronicles all this is beyond praise. He confines evaluation of Grainger's own music to very modest observations, which is sensible; the biography is rivetting, as hilarious as it is blench-making, and its interest depends not at all on whether Grainger was a substantial creator. Occasionally Bird presents a fact material which could have come only from Percy, or worse still through Percy from Rose; but mere facts are not the essence of the matter, and Bird's very selection of anecdotes (from an outrageously rich field) shows him to be no innocent.

In purely musical terms, Frank Bridge is no doubt a more significant figure, but also a greyer one. The expensive new Thames paperback (illustrated, and with plenty of music examples) avoids falling between two stools by sitting on both at once: there is a tiny biographical note ("Besides being eminently practical he was not without a sense of fun") by John Bishop, and a detailed assessment of Bridge's music by Anthony Payne. But while the music is inaccessible (some of the later works are at last appearing on records), the weight of Payne's careful diagnoses ("Of special interest is the rearrangement of the scale pattern y in the motive z, indicating a permutational view of material") cannot be assessed: it conveys something, provisionally, to the professional, but will not of itself persuade the amateur to prick up his ears. Bridge may be a neglected figure of substance, but that remains to be heard. Lewis Foreman's catalogue of his works is, maddeningly, not chronological but alphabetical.

Despite Kenneth Eastaugh's ritual compliments to the music of Havergal Brian, his book on him has the ring of a hatchet-job. Brian's current fame rests upon the sheer length and committedness of his composing career; that his later protestations of indifference to public acclaim are belied by his natural concern, when younger, to get his works heard is a point hardly worth flogging. For a long time he depended uncomfortably upon a patron, and he left his wife to raise a family with another lady: the details of all that, backed by damaging excerpts from Brian's overwrought letters, make unedifying and dispiriting reading, and they cast no light whatever on the music. Lewis Foreman's informal history of the occasions on which Brian's works were actually heard is patchy, but has at least the incidental merit of illustrating tastes and fashions in music criticism—much of the material quoted has small bearing on Brian, but the flavour of British musical life in this century is rather vividly transmitted.

# The RSC in Newcastle

ails are now available of Royal Shakespeare Company season in Newcastle-upon- from March 10-April 9 next

re will be four productions at the Theatre Royal and Gulbenkian Studio of the rsity Theatre, and all of will come to London after Newcastle visit.

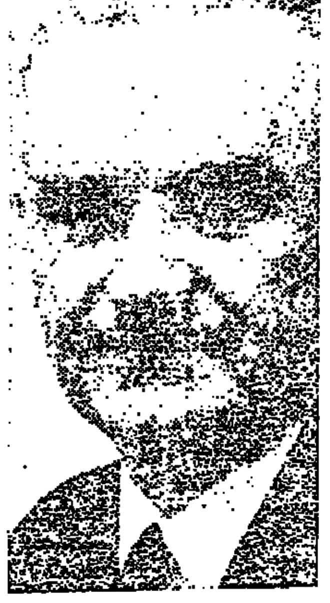
At the Theatre Royal, the RSC will give *Much Ado about Nothing, Romeo and Juliet, Troilus and Cressida* and *The Comedy of Errors*. At the Gulbenkian Studio they will play Brecht's *Schweyk in the Second World War, Macbeth*, David Edgar's *Destiny* and Edward Bond's *Bingo*.

Leonard Burt

dy Fine as Musetta, Peter Glossop as Marcello, Jose Carreras as Rodolfo and Yasuko Hayashi as Mimi in the Covent Garden revival of La Boheme

EUROPEAN NEWS

# What went wrong in Poland—an exclusive interview with the Prime Minist



Mr. Piotr Jaroszewicz

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MR. PIOTR Jaroszewicz, the Polish Prime Minister, who arrives to-morrow for a three-day visit to London, is the man who had the unpleasant task of telling the Polish nation last June that food prices were to rise by 65 per cent. After a day of widespread and bloody riots, he had the even worse job of going on Polish television to say that the Government had changed its mind. Since then, he has been the focus of intense speculation about why such a disastrous decision was taken, and what was to be done about it. To the public eye, he seemed a man under pressure, defensive and tight-lipped.

However, in the interview I had with him last week, he seemed relaxed and keen to talk about his country's problems and justify his actions.

The Prime Minister is a tall man with simple, earnest manners, though he told me with a twinkle that he practises for meetings with the Press with the help of his wife, a prominent Warsaw journalist.

I asked him to explain the reasons for the June events and its aftermath. For the next half-hour he spoke non-stop, almost as if welcoming the chance to give vent to bottled up thoughts. This was his first interview with the Western Press since the riots.

"The economic situation had become very difficult," he began. "We had three bad harvests in a row, and wages had outstripped the supply of food, especially meat. The only solution was to raise prices.

"We tried to do this, but we failed. I think the reason is that not everybody understood what we were trying to do. But I am personally convinced that the great majority of the people now believe that our proposals were right."

This remark appeared to bear out the theory in Poland that a breakdown in communications between the rulers and the ruled prompted the Government to take a decision that even outsiders considered highly risky.

Talking of the riots, Mr. Jaroszewicz said: "We estimate that only 0.5 per cent. of the workforce went on strike." When I commented that this seemed small in view of the deaths and damage which resulted, he added: "The events certainly were disagreeable. But they were blown out of all proportion by hostile forces. I do not believe that true workers would behave like that. The actions were carried out by hooligans and the dregs of society. Nevertheless," he added, "a larger number than the percentage I mentioned failed to understand what we were trying to do."

The Prime Minister went on to describe the decision to abandon the price rises. "This was an exceedingly difficult one. But we did it in the context of democratic government. We have now appointed special commissions to look into future policy, so we have plenty of time to sort this matter out calmly."

Asked specifically if there would be any price rises before these commissions report back, sometime next year, Mr. Jaroszewicz sat back and thought for a moment. "I don't foresee it," he said.

Surprisingly there was no categorical denial, even though Warsaw continues to seethe with rumours about fresh price increases. It was tension like this that helped create the explosive atmosphere last June when workers in several centres, mainly Warsaw and Radom, went on the rampage. At the Ursus tractor factory on the outskirts of the capital, workers pulled up the main railway line. At Radom, two people were officially admitted to have died in riots which caused several million zloties worth of damage.

The Prime Minister then volunteered comment on the tense aftermath to the riots, the allegations of police brutality and the emergence of an unofficial workers' defence committee to distribute aid to those who suffered. This was also surprising since the Warsaw leadership has tried to play down these themes by avoiding direct mention.

"The militia did not use batons to put down the riots. If they had, the workers would never have been able to set fire to party headquarters in Radom. Nobody is now in jail because of participation in the strikes. Only those who committed crimes were sentenced. In Britain, you also jail hooligans. Some workers lost their jobs, but this was because their workmates did not want them back. As for this committee to defend the workers. We just laugh at it."

Mr. Jaroszewicz then explained why he felt the situation was improving. "The country is working normally again. It is true that there is still not enough meat. But we have raised deliveries to the market by 13 per cent. so far this year. The people also banked savings worth 40bn. zloties (about £800m.) in November. (There was a ... run on savings at the heig... the crisis.) Our economic ... now aims to increase produ... of food and consumer goods. ... are also considerably incre... investments in agriculture ... housing."

In addition to this, ... Jaroszewicz said, the S... Union had signed a new e...mic agreement which woul... vide higher deliveries of ... materials, consumer goods ... capital equipment on wh... described as "highly favou... terms." The deal would ... reduce Poland's need to pur... on world markets, he said.

"I don't recall a more di... year than this from the poi... view of foreign trade," he ... "But our aim is to raise ...ductivity as fast as possib... increase our exports. W... determined to pay off our d...

# Communist Front advances in Portugal

BY OUR OWN CORRESPONDENT

PORTUGAL'S ruling Socialist Party seemed set for victory in the municipal elections held yesterday, polling around 33 per cent. of the popular vote. The Right of Centre PSD/PPD was running second with about a quarter of the total vote, and a large number of town halls in the north and centre of the country under their control.

The most spectacular gains were made by the Communist-sponsored People's United Front. Both in the agricultural Alentejo province, heart of the agrarian reform, and in the Setubal industrial belt 20 miles south of Lisbon, the front has taken an absolute majority of town halls.

The central computer—which broke down last night, delaying results further—gave the Front slightly more than 20 per cent. this afternoon. This is a 5 per cent. increase, compared with April general election votes for the party itself.

In some boroughs in the Alentejo, the Front won up to 70 per cent. of the vote. This is apparently a protest by rural labourers against the Government's return to private farmers of expropriated land, and against official attempts to counter Communist influence in the area. The Front also showed strength in unexpected areas. In the small town of Fafe in the rural north, once militantly anti-Communist fiefdom of the Social Democrats, the Front took 14 per cent. of the votes.

Prime Minister Mario Soares hoped the municipal elections would provide a vote of confidence in the Government. To-day's results with some still to come give him some comfort. But it is becoming clear that the Government is facing increasing opposition in the country.

**The return of tap water took Lisbon by surprise to-day. Many homes were flooded. Householders, without water since a bomb wrecked a main water conduit on Thursday, had gone to work leaving taps turned on. The explosion cut off 90 per cent. of water supplies for Lisbon's 1m. people. Water company officials worked through the weekend to repair the damage. No one has claimed responsibility for the bombing.**
**Reuter**

Yesterday's elections also emphasised Portugal's geographic political divisions. North of the River Tagus—with the exception of industrialised zones such as Covilha, Braga, Viana do Castelo and Oporto, the population is predominantly conservative and alienated by recent social and economic upheaval. South of the Tagus, the changes which came in the wake of the military coup of April 25, 1974, has taken a stronger grip. It has gone further than the Socialists, struggling to present a moderate image of Portugal to West European and U.S. benefactors, care to admit.

Sr. Soares must now decide how his government will cope with unfriendly local authorities. The powers of these authorities are not yet established. The Government must submit proposals to the National Assembly on the rights, powers and finances of Portugal's 4,000 wards and 304 municapl councils. The Cabinet could clip the wings of its municipal councils. The Cabinet them do little more than approve central Government decisions. This, however, would not fulfil the Socialist promise to decentralise policy-making. In the National Assembly, the parties which gained ground in yesterday's elections will feel more confident in opposing Socialist measures.

The Cabinet's first post-election test of strength will come this week. The Minister of the Interior, Lt.-Col. Costa Bras, has vowed to "stop the nonsense in the Alentejo." That is, to take measures against rural workers picketing to prevent private farmers reaching their reserve areas on land now worked by collectives or co-operatives.

# Sackings imminent in French steelworks

By David Curry

PARIS, Dec. 13.

**FOR THE first time in 30 years, the French steel industry is on the point of making substantial redundancies. Although details are hard to come by, it looks as if between now and 1980, at least 10,000 workers in Lorraine alone will lose their jobs out of a workforce of 90,000. Some estimates put the figure twice as high.**

**As Sacilor-Sollac one of France's two steel giants, there are reports of 10,000 dismissals expected over the next few years, through modernisation and merger. And Usinor, the other French giant, which has much more modern plant than Sacilor, has commented: "We didn't need 42,000 people to produce 8m. tonnes of steel in 1976, and things don't look any better for 1977."**

**Meanwhile, the steel industry and the Government are reported to be negotiating on a State rescue plan for the industry. The steel industry traditionally has been under heavy Government surveillance — not least on the vexed question of price levels—and its post-war expansion and reorganisation has been undertaken at Government direction.**

**The State currently has some Frs.7bn. on loan to the industry (about 20 per cent. of its indebtedness) and with medium- and long-term debts equal in value to turnover, and financial charges amounting to over 10 per cent. of turnover annually, the industry is in no position at the moment to undertake any initiative without State aid.**

**It seems clear that a new steel plan, if it is agreed, will involve a heavy injection of public funds. There is speculation that the Government is toying with the idea of using State aid to introduce worker shareholding in the steel industry, with loans being repaid in the form of worker shares to be converted into debentures upon retirement.**

# Spain rejects kidnap demands

BY ROGER MATTHEWS

THE SPANISH Government will not accept any political conditions for the safe return of Sr. Antonio Maria de Oriol y Urquijo, president of the Council of State, who was kidnapped on Saturday morning. Authoritative sources say the Cabinet decided this unanimously but it is willing to allow the wealthy Oriol family to negotiate the payment of a ransom.

Prime Minister Adolfo Suarez cancelled a much-publicised visit to Barcelona to-day as the kidnapping threatens to overtake Wednesday's national referendum on constitutional reform in political importance. In a message of apology to the Catalan people, Sr. Suarez stressed that the kidnappers had not achieved their goal and would not. The political programme of the Government would go ahead unchanged.

As the intensive search for Sr. Oriol continues, police were given fresh instructions from the Minister of the Interior to hunt down r. Santiago Carrillo, Secretary-General of the banned Spanish Communist Party. Sr. Carrillo, who left Spain after the Civil War and lived in exile in Paris for many years, claimed at a Madrid Press conference on Friday that he has lived illegally in the country since early February.

The Government and police are satisfied that Sr. Oriol is being held by a terrorist organisation calling itself GRAPO—the Revolutionary Anti-Fascist Patriotic Group of October 1. Following telephone calls to international Press agencies and a Spanish newspaper, police took charge of a note in Sr Oriol's handwriting confirming that he was well.

GRAPO has demanded the release of 15 prisoners, convicted or awaiting trial on terrorist offences, in return for Sr. Oriol, a former Minister of Justice under General Franco. However, the Government would like to leave some avenue open for the kidnappers. In April Sr. Manuel Fraga, then Minister of the Interior, specifically banned negotiations with Basque separatists who had seized a local businessman. The body of the businessman was found dumped by the roadside.

Ministers greatly fear the extent of a Right-wing backlash if Sr. Oriol is not released unharmed and the subsequent problems they would have in controlling the more politicised members of the police. Sr. Suarez remained in his office to-day and was in close contact with senior ministers and King Juan Carlos.

Several serious c... between police and d... strators were reported ... different parts of the co... in the past 24 hours a... referendum campaign ... towards its close. In M... rival groups of extreme ... wingers battled in the cen... the city last night before ... broken up by police, while ... wing organisations campai... for a boycott of the refere... also received summary trea... from the authorities.

In the northern city of ...goza, at least 25 membe... the Communist Party ... detained and death t... against prominent lef... politicians continued. Sr. ...celino Camacho, a memb... the Central Committee o... Communist Party, wen... Madrid police headquarter... morning to protest that h... being menaced.

# Risks of the referendum

BY ROGER MATTHEWS IN MADRID

TWICE in 24 hours the Spanish Cabinet has been hit on perhaps its most sensitive spot—the maintenance of law and order. Its Right-wing enemies enjoy nothing more than demonstrating that liberalisation and democracy will destroy the 36 years of "peace and progress" that for them was the hallmark of General Franco's regime. First, on Friday, Sen. Santiago Carrillo, secretary-general of the banned Communist party, made a carefully staged-managed appearance at a Press conference in central Madrid and disclosed that he had been living illegally in Spain since the beginning of February, despite the refusal of the Government to return his passport and an order to the police to detain him if found in the country. Scarcely had the Right wing a chance to digest this shock than Sen. Antonio Maria de Oriol y Urquijo, President of the Council of State, was kidnapped from his office apparently by an extreme Left-wing organisation.

Even without the Communist party advocating abstentions from to-morrow's referendum on constitutional reform and the kidnappers in their first ransom note describing the poll as a "fascist farce," there would have have been an attempt to identify the two events as part of one plot. Subsequent police statements have fuelled this process so that yesterday Prime Minister Adolfo Suarez, having spent all Sunday in his office, felt it necessary to postpone his much heralded trip to Barcelona where he would have tried to whip up Catalan support for a strong "yes" vote in the referendum.

Over 22m. Spaniards have the right to vote in the referendum, which is due to put the popular seal of approvial onto the Government's constitutional reform law. It is a foregone conclusion that the Government will win and that the basis will have been laid for a two-chamber parliament elected by universal suffrage. The opposition parties do not in the main, like the referendum because of the absence of democratic guarantees and because they have neither been given the right to negotiate the contents of the bill nor of explaining their attitudes to the public.

Only the Communist Party and the groups to its Left have been trying to mount an active campaign for abstentions. The Government publicity machine has been geared up to ensure that people get to the polling booths, the greatest fear resting on the possibility of a relatively low turn-out. To this end, Sen. Suarez yesterday had been due to visit the Catalan region, which together with the Basque provinces, is the area most likely to abstain in some numbers.

> "The Cabinet . . . will have to fight hard to prevent regionalism being identified as separatism and the Left-wing becoming identified with terrorism."

Separatism and street violence are the two things about which senior military commanders tend to be most sensitive. Therefore the degree of voter turn-out in those regions which had, or were about to get, their own parliament before the outbreak of civil war in 1936—Catalonia, the Basque country and Galicia—will be watched with special attention.

There is some evidence to suggest that abstentions in the two main Basque provinces of Vizcaya and Guipuzcoa will be by far the heaviest in all Spain. Despite the presence of a substantial number of immigrants, the region has shown remarkable unity during the past few years and has twice this year staged general strikes that were all but total.

The heavily industrialised and relatively prosperous Basque region's demands for greater control over its own affairs rest historically on the freedom it enjoyed from Madrid before the civil war, and the fact that the Basques were defeated by General Franco, who systematically tried to destroy their language and their identity. While most Basques would almost certainly reject violence as a political weapon, the reaction of the central government to the emergence of the separatist organisation ETA in the mid-1960s has, if anything, served to unite the region more strongly. The revulsion that has ben felt at some of the murders perpetrated by ETA has often been matched by the indignation with police methods and the almost total impunity with which extre Right-wing groups have been able to act.

The solution to the Basque issue will almost certainly have to be political, as it will be for the Catalans, who, though also enjoying considerable industrial weight in the country have not produced separatist groups employing violence. The great unifying factor among the wide range of Catalan parties has been the demand for a restoration of the 1932 Statute of Autonomy achieved under the pre-civil war republic. This will, to an extent, continue moulding the Catalans' approach to democratic reform; but there are already a number of signs that the political aspirations of the region will—more rapidly than in the Basque provinces—evolve along more strictly Left-Centre-Right lines. Opposition to the Communist party in Catalo... emerging strongly from ... more Centrist parties, who ... that it could have a g... strength in the Catalan indu... suburbs than in other pa... Spain.

The Prime Minister yest... was due to have made c... concessions to Ca... nationalism in Barcelona ...cluding greater freedom ... official life for the use o... local language. Concessio... the Basques have, however, limited to "tolerance," legalisation of the Basque ... and to the removal of economic sanctions impose... the region after the civil ... King Juan Carlos, who visited every other major ... of Spain during his yea... Head of State, has yet to ... to the Basque region, oste... for security reasons but because of fears that he ... be given a lukewarm rece... by the public.

Meanwhile, riot police ... rubber bullets and tear g... disperse demonstrators in ... region on Sunday night, a... start of a week-long cam... for a full amnesty that v... release political prisoners, ... majority of whom are Bas... This campaign, combined ... the referendum and Right-... anger at the kidnap of Sr. ... is a potentially explosive ... in a region not noted for ...ance.

Enemies of democracy ... have been cheered by the ... of events during the pas... hours in Spain and will be ...ing for further opportuniti... embarrass the Government ... the moderate Opposition pa... The Cabinet has said it will ... be deflected from its poli... path, but it will have to ... hard to prevent regionalism ... being identified as separa... and the Left-wing beco... identified with terrorism. ... effort at least as great as ... put into winning the referen... will be required.

# W. German growth programme

BY ADRIAN DICKS

BONN, Dec. 13.

THE WEST German Social Democratic — free democratic coalition government, working at top speed to complete its statement of policy for the new term, was reported to-day to be considering a new programme of major infrastructural and public works projects as part of a strategy to "improve the conditions for growth" in 1977.

No details of the programme were available, but the West German news agency DPA reported that it would be worth several billion deutschemarks. It appeared to be a small concession by Chancellor Helmut Schmidt and the FDP leader, Herr Hans-Dietrich Genscher, towards those of their supporters who have been pressing for a stimulus to the economy—and, perhaps, an effort by the beleaguered party leaders to repair some of the self-inflicted damage of last wek's furore over pensions.

FDP deputies were once again in an uproar over the coalition's plans, which, though not finally settled, appear to include a heavy increase in middle income earners' health insurance bills as part of the solution cobbled together to enable the financially unbalanced pension system meet its obligation for a 10 per cent. rise in payments next year.

The coalition leaders, evidently in no mood for a fight, have virtually conceded to the opposition the prestigious post of president of the Bundestag, equivalent to the Speaker of the House of Commons. Following the reconciliation of the Christian Democrats and Herr Franz-Josef Strauss' Bavarian-based Christian Social Union, the opposition candidate, Herr Karl Carstens, is now sponsored by the largest Parliamentary group, to which the job goes by tradition.

Although the presidency is more a matter of honour, and some patronage, than of real power, it may do something for the morale of the newly-reconstituted CDU/CSU parliamentary alliance. For in spite of general relief that the CDU leader, Herr Helmut Kohl, succeeded in settling the outstanding differences with Herr Strauss, there are still widespread doubts about how far the underlying tensions between the two men and between the two "sister parties" have really changed.

However, a close reading of the agreements signed by Herr Strauss and Herr Kohl has convinced some political observers here that little will change in the fundamental relationship of the CDU and CSU. Unless the CSU itself takes Herr Strauss to task for the high drama of the past three weeks' threatened split, therefore, he will be free to explode again in frustration at Herr Kohl's more liberal style and outlook.

# New EEC rules on tendering

By Guy de Jonquieres

BRUSSELS, Dec. 13.

NEW EEC rules to ensure that tenders from all member countries for certain classes of public authority contracts, when worth over £80,000, are given equal consideration, were adopted to-day by the foreign ministers of the Nine.

The rules, which are expected to go into effect in mid-1978, initially cover equipment for hospitals, universities and scientific research institutes, as well as civilian supplies for defence purposes.

Requests for tenders on all contracts covered will have to be advertised in the Community's official journal, and awards will have to be made according to specific EEC criteria.



# No agreement reached on cutting Italy's labour costs

BY DOMINICK J. COYLE

ROME, Dec. 13.

ITALIAN EMPLOYERS and trade unions have failed to meet the one-month deadline imposed by Sig. Giulio Andreotti, the Prime Minister, for voluntary agreement on reducing labour costs to industry, including a readjustment of the present inflationary pattern of threshold payments.

Such an agreement is widely thought here to be one of the IMF's unwritten conditions for further standby credits to Italy, and the minority Christian Democrat Government must now decide whether to impose some statutory limitations.

However, any attempt to introduce statutory changes in threshold payments, particularly if it was made in isolation from other economic measures being sought by opposition parties, would almost certainly be opposed by the Communist Party (PCI), on whose faint parliamentary support the Andreotti Government depends.

The three Italian Labour Confederations, while continuing to express interest in the reduction of labour costs, have in effect now said that the present pattern of threshold payments must not be disturbed. Defending the so-called "Scala Mobile" has clearly become a point of principle with the unions, although they might accept wage adjustments through higher direct taxation.

Sig. Andreotti is now likely to have further contacts both with the trade unions and Confindustria, the principal employer organisation, and his instinct for political survival will no doubt make him extend his one-month deadline for agreements on reducing labour costs.

## Exporters

The Prime Minister has just returned from an official visit to Washington, during which he met senior IMF officials, including Dr. Johannes Witteveen, the Fund's managing director. The IMF is known to be particularly concerned over the erosion of the international competitiveness of Italian exporters due to escalating labour costs.

Over the past three years, unit wage costs in Italy are estimated to have risen 79 per cent., against 55 per cent. in France, 24.5 in West Germany, and 21 per cent. in the United States. An important contributory factor has been the "Scala Mobile" which (often disproportionately) passes on through regular three-month wage adjustments price increases on a whole range of items, including some imports, like petroleum, over which no Government has any control.

Meanwhile, and despite forecasts to the contrary, the Christian Democrats have once again demonstrated at their week-end National Council meeting that their spirit of cohesion is still strong enough to overcome their factional divisions.

Some elements within the CD consider that Premier Andreotti is now sailing much too close to the Communist wind and even offering the PCI almost a back-door entry to the so-called "historic compromise" or grand alliance in Government of all democratic forces in the country.

These critics would prefer a policy of direct confrontation with the PCI, yet CD party secretary, Sig. Benigno Zaccagnini managed to secure unanimous backing from the party's national council for the present political strategy and, accordingly, for the Andreotti Government.

No one believes that this minority administration is anything but an interim arrangement dictated in great measure by the inconclusive outcome of last June's general election, but all elements within the Christian Democrats now appear content to stay with it until some better alternat've can be found.

The Communist Party's central committee is now meeting in the wake of the CD council meeting to review its general attitude towards the Andreotti Government, and to decide in particular on the party's line on some controversial pending legislation, including a measure on abortion being debated in Parliament starting this evening.

## Manufacturing

Meanwhile, the latest projection from Confindustria suggests that the rate of growth in Italy's manufacturing sector is declining, although it expects that overall output in the final quarter this year will be some 7.5 per cent. higher than for the corresponding depressed period of 1975.

For the year as a whole, Confindustria anticipates that real growth in the manufacturing sector will be more than 8 per cent. up on last year, although it is already apparent that this advance is being secured at a heavy cost to the balance of payments through sharply increased imports.

## German car profits

The German motor industry expects this year to achieve the highest profit/sales ratio for seven years, but demand in both domestic and export markets may slacken next year, Reuter reports from Frankfurt. The profit-sales ratio this year, based on latest estimates from member firms, is estimated at 3.4 per cent. against 0.5 per cent. last year and 3.6 per cent. in 1969.

# Violence close Ankara camp

ANKARA, Dec. 13

**ANKARA University ... closed to-day until the Turk... Government takes effect... steps to curb political viole... on the campus, in which sco... of people have died in clas... between student factions of ... Left and Right.**

**Faculty representatives s... after a meeting at the we... end that armed political a... murder, and pressure from ...tremist organisations set ... outside universities, had ma... teaching impossible. The la... victim, a 21-year-old girl, d... on Friday after being cau... in cross-fire between ri... student groups. Three peo... were wounded in ot... detained, police said. Istanb... University reopened to-... after a month of closure ... cause of political violen... Police searched students ent... ing the university.**

هكذا منه الأصل



LKS WITH TRUDEAU

# Levesque starts drive for Ottawa funds

Y ROBERT GIBBENS MONTREAL, Dec. 13.

NEW Parti Québecois nment of Quebec, almost nth in the saddle, is plung- nto a legislative programme : next three or four months will give effect to most of ection campaign promises.

mier Rene Levesque, before g for this week's federal- ncial First Ministers' con- ce in Ottawa, made clear Quebec will need more y to back this legislative amme—all that can be g from Ottawa and the al system plus heavy wing on the international ial markets.

Levesque met Prime ter Pierre Trudeau to-day, conference opened, for the time since becoming er of the separatist Quebec nment. The ten provincial ers and the federal Govern- will pick up fiscal negotia- where the Finance ters left off only a week r, with no agreement.

provinces want more tax to finance programmes d with Ottawa in the fields alth, welfare and education, nearly $1bn. more to com- te for revenues lost from effects of the 1971 tax n. The provinces—includ- uebec—have been banding ner for the first time against a in the quest for a greater of tax revenues.

s week the conference is in . and the scope for compro- on broad financial issues : a little more hopeful. The s Mr. Trudeau may have esting the initiative from provinces, particularly ec. will be taken as an ation of his powers of al within the federal al party and also in the federal election.

Levesque is expected to the conference to-morrow turn to Quebec City, and Inter-governmental Affairs ter Claude Morin may take place. But before Mr. sque leaves he is expected ring up what is the main cupation of Quebec and Maritimes—the slow ery in the economy and the rate of unemployment.

ile federal Finance ster, Mr. Donald Macdonald, been insisting that inflation ll the number one problem and 8 per cent. year-to-year declining), most provinces say slow growth, tight y and a too-high dollar sent the main issues, and anti-inflation programme is fluous and should be ended mid-1977 at the latest. Mr. sque says he will probably up the Quebec Anti- tion Board (designed to down on public sector wage ands in the past year), by g.

e PQ government's legisla- programme largely concen- s on specific points in the 's campaign. In the welter peeches and interviews Mr. sque has given since ember 15, he has not ned the separatist option, ugh a number of hemisms have been used by elf and ministers suggesting the door is not closed to econo- mic association with a different sort of confederation. Mr. Levesque promised this week- end Quebecers would be told within a year when a referen- dum on separation would be held.

Mr. Morin put it this way last week in Ottawa: "The present federal system should be replaced by a new order. What we shall propose is a new type of association which will take into account the requirements of economic interdependence as well as the historical and natural aspirations of Quebec to be master of its own destiny."

And Mr. Levesque has again been using the word "sovereignty" and in a context not much different from the devolution sought by the Scottish nationalists.

## Battle

The Levesque government is raising the minimum wage from $2.87 an hour to $3.00 and adding a little to the provincial family allowance to make up for infla- tion. The Bourassa government was planning something similar. Dental care is to be free up to 18 years old, and youth and older people will benefit from other social measures.

Hospital problems helped to defeat the liberal government, and the new Social Affairs Minister, Dr. Denis Lazure, has started a running battle with hospital administrators over lay- offs of non-techical workers and admission of urgent cases. The hospitals reply they do not have enough money and have no choice. Some Montreal hospitals have one-third of their beds out of action for lack of money and staff. The budget question has yet to be clarified but hospital costs have been soaring.

The decision on whether to complete the Olympics stadium tower and roof has been put off till after a new report is pre- sented in April. It will cost about $150m. to complete the stadium according to the original design. This money however, is already budgeted for, and will become available, temporarily, for other purposes.

Supplementary funds of around $500m. will be sought— double the previous government estimate—and Mr. Levesque says this is due to higher-than-expec- ted amounts required for public sector wage increases already negotiated. This would put up the borrowing requirement of the government to more than $100m. a month until March 31, end of the fiscal year. The Liberals estimated they would need $75m. a month.

While the Government has suggested Hydro-Quebec may stretch out its $16bn. James Bay project so resources may be switched to city public works to help employment, one pro- vincially-backed project will get priority. This is Sidbec, the steelmaking company which in the late Sixties bought the Quebec assets of Dosco from Hawker Siddeley of the U.K.

Nearly $400m. of long-term financing, mainly in the U.S. private placement market, has been held up by strikes at Sidbec and at the construction site for a new iron mine and pelletising plant in north-eastern Quebec. This is now going forward, though it will not be signed until the year end. Sidbec has 50.1 per cent. of this ore and pellet project costing $550m. in all.

Mr. Levesque has committed the Government, as soon as possible, to take over control of one asbestos producer—probably Asbestos Corporation, now owned by General Dynamics of the U.S. Generally, the Quebec Government's attitude to the pulp and paper industry has yet to be defined.

Quebec bonds have not fully recovered from selling in New York following the election. A major new issue in the public market there would be difficult now, and almost impossible in the Canadian bond market. While the investment and busi- ness community accept that the Government intends useful legis- lative action, and has promised to be moderate on the language question, it is uncertain how its programme is going to be financed and of the impact of the separatist option on the future economy of Canada. The Government still has a major task ahead in convincing busi- ness.

# Ford again reduces car sales estimates

By Our Own Correspondent

NEW YORK, Dec. 13.

FORD MOTOR has again cut its forecasts of U.S. car sales for 1977 in the face of growing evidence in recent weeks of a slower rate of sales growth compared with earlier in the year.

In addition to cutting back the forecast, Ford, in a year- end statement, conditioned its new forecast on the assumption that there would be "a modest tax cut but no basic shift in fiscal and monetary policies in the early months" of the new presidency.

The company forecast that industry sales in 1976, includ- ing imports, would be just over 10m. At the end of October Ford cut its 1977 forecast for the industry from 10.6m. units to 10.2m. The new forecast is a further reduction. In addi- tion, however, the company has scaled down its projections for 1977 sales.

In October the company had been forecasting a further rise in 1977 sales to around 11m. units. Now the company is predicting that 1977 sales will rise by 6 per cent. to 10.6m. units.

The latest prediction for 1976 from Ford suggests that the industry's sales will be up 17 per cent. on the severely depressed 1977 levels, rather than the 23 per cent. gain which had been forecast earlier.

# New study forecasts continuing foreign investment boom in U.S.

BY STEWART FLEMING NEW YORK, Dec. 13.

THE RISING wave of foreign direct investment coming into the United States is likely to continue, the Conference Board, an influential business study group, concludes, following its most recent examination of the issue.

The Conference Board suggests that the boom in foreign investment in the U.S. has been triggered by relatively low costs in the U.S., by the availability of raw materials and by foreign confidence in the political and economic stability of the country.

It points out, however, that foreign companies still have a relatively slight impact on the overall U.S. economy. The top 100 foreign-owned companies, according to its analysis, con- tinue to be dwarfed by U.S. concerns.

Thus, the largest U.S. com- pany, Exxon, it says, had greater sales in 1975 ($47.8bn.) than the 100 largest foreign-owned com- panies, which had sales of $44.7bn.

It adds that the largest U.S. private employer, General Motors, with 681,000 employees, employed more people than the 100 largest foreign-owned cor- porations, which employed 541,000.

Of the largest 100 foreign- owned businesses, the Confer- ence Board says that 25 are British-owned, 24 Canadian- owned, nine owned by West German companies, with Switzer- land and France owning eight and the Netherlands seven.

The study also points out that only 34 of the largest 100 non- U.S. corporations had a substan- tial investment in this country in 1975, and adds that this suggests a vast potential for further foreign investment here.

Commenting on the lack of interest shown by the Arabs in investing directly in the control of U.S. companies, the Confer- ence Board says that this can be attributed in part to the need for investment in their own com- panies but also to their severe shortage of managerial talent and their desire to maintain a low profile in the U.S.

# Amnesty alleges torture and killings in Guatemala

BY HUGH O'SHAUGHNESSY

MORE THAN 20,000 people have been killed or have disappeared in Guatemala in the past ten years as a result of action by Government or semi-official forces. This was stated by Amnesty International, the London-based human rights organisation in a report just published. What it calls "extra- judicial detention and execu- tions" remain almost daily occurences.

Amnesty cites evidence that torture occurs frequently, one method being the injection of insecticide into rubber hoods held over the heads of victims. Victims are believed to have been petty criminals, peasants, members or leaders of opposi- tion parties, trade unionists, journalists, students and teachers.

The killings are seen by Amnesty as having started in response to guerilla activity but to have escalated after the eclipse of the guerilla groups. Amnesty notes that from 1972 to April, 1976, there had been 149 victims of Left-wing violence —members of the security forces, businessmen or large landowners—but it concludes that "extensive official and semi- official violence has not proven effective in curbing violent oppo- sition, and indeed have induced further violence."

# Bendix chairman tipped for Treasury

By Jurek Martin

WASHINGTON, Dec. 13.

MR. JIMMY CARTER will prob- ably announce to-morrow after- noon at least two more senior Cabinet appointments. It is now widely expected that he will name Mr. W. Michael Blumenthal, chairman of Bendix Corporation, as his Secretary of the Treasury.

It is also possible, although by no means certain, that he will pick his first woman for senior office. Much speculation has centred on Mrs. Jane Cahill Pfeiffer, a former vice-president with International Business Machines, for the position of Sec- retary of Commerce.

Mr. Blumenthal has emerged as the favourite for the Treasury following the withdrawal from contention of two other pro- minent members of the business community, Mr. A. W. Clausen, of the Bank of America, and Mr. Irving Shapiro, of Du Pont.

The word from those who claim to know what Mr. Carter's inner circle of advisers are contemplat- ing is that a businessman, rather than an economist, will be appointed Treasury Secretary. However, classic "informed sources," have often been shown to be singularly uninformed in recent weeks and it remains possible that the President-elect will choose somebody like Robert Roosa, of Brown Brothers Harri- man, or Charles Schultze of the Brookings Institute, instead of Mr. Blumenthal.

# Concorde protests mount

Y DAVID BELL WASHINGTON, Dec. 13.

RLY 700 complaints — the rity about excessive take-off —have been received by U.S. orities in the first six months oncorde operations at Dulles ort near here.

the past few years com- nts about excessive noise subsonic aircraft at the air- have averaged about 75 a . Federal Aviation Adminis- on officials noted, however, the continuing publicity t Concorde, and the fact that lar publication of the ber of complaints jogs ories, may have quite a lot o with the number of tele- e calls that it is receiving h seem to be settling down round 100 a month.

e figures for November h were released to-day cate that there were 95 com- nts all but six of which were t excessive noise. Twelve of e followed the take-off of an France aircraft on the nksgiving Day holiday when y more people than usual e at home. In October there e 101 complaints, but four e flights than the 50 which place at the airport during ember.

he continuing controversy l surrounds the publication of se monthly figures serves to lerline the fact that Con- de's continued entry to the ted States is by no means ured. There are still a number court cases pending, some of ch seek to force the FAA to oduce stiff new noise rules for supersonic aircraft which would exclude the Concorde.

Meanwhile the New York Port Authority has yet to make up its mind about whether to allow the Anglo-French aircraft to land at Kennedy Airport in New York. There is considerable anti-Con- corde feeling in the city particu- larly among those who live near the airport which is not nearly as isolated as Dulles.

Quite apart from these local suits, the attitude of the federal Government cannot be taken for granted in the months ahead. The British and French authori- ties were very successful in getting limited landing rights in Washington for 16 months from the outgoing administration, but they may not fare so well with the new Carter Government.

Mr. Carter's transition staff dealing with this area say that they have yet to propose any- thing to Mr. Carter about Con- corde and, in any case, there is almost a year to go before the new Secretary of Transportation must make up his mind about Concorde. Nevertheless, during the election campaign Mr. Carter, whose interest in environmental matters is well known, made some unfavourable comments about Concorde and particularly about the possibility that it might be able to land in New York.

Congressmen and others who oppose the aircraft have already put their case to the Carter team and are likely to continue to do so in the comming months.

Concorde sales drive, Page 32

# Steel union election rift

PITTSBURG, Dec. 13.

Mr. I. W. Abel, the retiring ited Steelworkers (USW) esident, said he would leave ce early if Mr. Edward Sad- ski, a USW rebel, is elected succeed him next February d leave the negotiating of next ar's basic steel contract to him.

Mr. Abel endorsed Mr. Lloyd Bride, Mr. Sadlowski's op- nent in the campaign for dership of the 1.4m. member ion. Mr. McBride already has e strong backing of most other nior USW officials.

Mr. Abel said he would con- sider an election victory to Mr Sadlowski, who has been running against his policies, as a vote of no confidence in his own leader- ship.

Mr. Abel, who is scheduled to retire next June because of age, said he has not discussed early resignation with steel-industry officials, but that the industry would probably want to get to know the next president during bargaining, which opens soon after the election. Industry officials say privately they would want Mr. Abel's successor to take part in the contr t talks.

AP-DJ

# Hanoi congress faces major policy decisions

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE FIRST party congress of the Vietnamese Communist Party since the Americans pulled their troops out of the south of the country 19 months ago opens in Hanoi to-day.

The congress is the culmination of months of preparatory meetings of workers, party cadres and army units up and down the country and is expected to outline the major policy guidelines of the new, unified Vietnam for the foreseeable future.

Hanoi, according to radio reports, is bedecked in coloured lights and slogans as delegates begin arriving for the congress —only the fourth in the history of the Vietnamese Communist movement founded by the late Ho Chi Minh and given momentum at the first congress in 1930.

One clue much awaited in the West from the congress is how the regime intends to translate into practice its recent welcoming hand to foreign investment. Party opinion is divided on this between those still nervous that foreign investment risks foreign debts as well as giving the West a handle on the regime, and those anxious for the hard currency that will buy foreign technology.

The congress will have before it a Bill proposing that foreign manufacturing companies with subsidiaries in Vietnam engaged in exporting should be allowed full ownership of their local assets. But over oil and development of natural resources, the Vietnamese still want to maintain the upper hand. The problem, however, is that the North Vietnamese negotiating with the oil companies — British Petroleum, Aquitaine of France, Norwegian and Japanese firms—have no experience of the industry. The experience lies with the southerners, who are barred from such delicate negotiations even though the oil lies off South Vietnam. But with oil accounting for 59 per cent. of imports—th ehighest ratio in South-East Asia—the regime is impatient to get exploration underway.

Vietnam's emerging development strategy is to play up the importance of agriculture while downgrading that of heavy industry. The immensely fertile south, particularly round the Mekong delta, still fails to provide sufficient food for the whole population and is seen as a potential source of agricultural exports. But the Vietnamese have not fully decided how to modernise their agriculture or cope with the human problems involved.

Already 500,000 people have been moved out of Saigon—now Ho Chi Minh City—to the countryside to work on new state farms. A further massive shift in population is foreseen both from the cities to the countryside and from north to south—according to the state planners about 10m. people will have to move to the north over the next 25 years. But the party is divided on whether higher output can be got from offering incentives to a land massively disrupted by years of war, or by forced collectivisation.

The south has been far from integrated into the country as continuing reports on Hanoi radio of sabotage and sporadic outbreaks of violence confirm. One section in the party would like to see the Communist movement in the south strengthened through concentrating on security as established through tight-knit cells. Another section *has been arguing for a broad* based party that would include intellectuals, members of the bourgeoisie and workers provided they were not active supporters of the old regime.

Security will also be to the fore in the jostling for position at the congress between the army, the party and the bureaucracy. The army, under the Minister of Defence and war hero General Giap has in the lead-up to the congress carved out a role for itself. This involves being defender of the nation, taking on key tasks such as building a potentially strategic railway to Vientiane in Laos and acting as a back-up labour force in reconstruction. But the bureaucracy, much as was the case in China, has come in for stinging official criticisms for being too stuck in its ways.

# Australian dollar moves back 1 per cent.

By Kenneth Randall

CANBERRA, Dec. 13.

THE EXCHANGE rate of the Australian dollar moved back another percentage point to-day from the 17.5 per cent. devaluation on November 29. With the revaluation of two points announced last Tuesday, this means the 17.5 per cent. has been reduced to 14.5 per cent.

There was no formal announcement of to-day's movement. It was simply instituted as a fact when the Reserve Bank began currency transactions this morning. Government spokesmen made it clear to-day that this was to be the general pattern under the "managed float" *system announced* with the initial devaluation.

A committee comprising the Governor of the Reserve Bank, Mr. Harry Knight, the Secretary of the Treasury, Sir Frederick Wheeler, and the Secretary of the Prime Minister's Department, Mr. Allan Carmody, recommends exchange rate variations to the Treasurer, Mr. Phillip Lynch.

Meanwhile, Mr. Fraser and senior Ministers met for more than two hours to-day the president of the Australian Council of Trade Unions, Mr. Robert Hawke, in an attempt to find an agreement on wage restraint in return for tax cuts designed to maintain real disposable incomes.

# Factions fight in China

By Colina MacDougall

EVIDENCE IS mounting that a significant number of provinces in China, including several important industrial centres, are the scene of considerable factional violence. In the last few days a number of provincial radios have reported serious unrest in recent months which, it is implied, is still continuing. This follows earlier but less specific reports from other provinces which also indicated trouble.

In Shansi Province the principal members of the provincial party committee were kidnapped and beaten up at the end of August, allegedly by agents of the "gang of four," the term used by the Chinese media for Chairman Mao's widow and her three colleagues now in disgrace.

Provincial leaders from Whan, the huge industrial centre in Hupeh Province, last week returned from Peking to tell their people that the party centre in the capital was "extremely concerned" about the present situation in the province because of the chaos caused by the "gang of four."

# £100m. pipeline for Indian oil

By K. K. Sharma

NEW DELHI, Dec. 13.

THE GOVERNMENT Oil and Natural Gas Commission will lay a £100m. pipeline able to carry 20m tonnes of crude annually from the offshore Bombay High and satellite oilfields. Production from Bombay is expected to approach 10m. tonnes annually in the early 1980s, and crude from Bassien North and other oilfields nearby will add to the flow.

The entire project, including laying of pipeline, compression platform at the production point, separation facilities and a telecommunications system, will cost £2.8bn.

● Japan and Indonesia have signed an agreement to postpone repayment of a Y260m. loan from Japan in 1973 and 1974 for the construction of 35 oil projects in Indonesia, AP-DJ writes from Jakarta.

# West Bank erupts again

BY OUR OWN CORRESPONDENT TEL AVIV, Dec. 13.

HIGH SCHOOL pupils again went on the rampage in the West Bank town of Nablus this morning, and shops remain closed throughout the town in protest against the imposition of VAT (in force in Israel since July, and specially modified to apply only to big merchants in the occupied territories).

The unrest also spread to the Kalandiah area, where 200 pupils left the local vocational centre and set up a barrier of stones and burning tyres on the main Jerusalem - Ramallah highway. Two buses and a private car which were prevented from passing by the roadblock came under a hail of rocks.

There were some isolated incidents of stone-throwing in the narrow alleys of the old city of Jerusalem.

No curfew was imposed on Nablus, but in Kalandiah 18 of the rioting pupils were detained.

Military authorities lifted a curfew on Sunday night after imposing it earlier in the day in Nablus. Journalists said they faced Army roadblocks and were unable to get into Nablus to-day where troops used tear gas on Sunday to disperse demonstrators.

This is the sixth protest at the extension of VAT to the occupied territories. West Bankers are also angered by plans to requisition Arab lands in the territory captured by Israel from Jordan in the 1967 Middle East war.



THE PALESTINIANS ASSESS THEIR FUTURE

# Picking up the pieces

BY ROBERT GRAHAM MIDDLE EAST CORRESPONDENT

AFTER A long and enforced absence Mr. Zuheir Mohsen, leader of the Syrian-controlled guerilla group Saiqa, is back in his headquarters at Sabra camp in Beirut. Widely regarded within the resistance movement as merely an opportunist and a puppet of Damascus he has spent the past seven months outside Lebanon. Mr. Mohsen left when Syrian troops began to advance into Lebanon attacking Palestinian and Leftist positions. In retaliation Saiqa offices in Beirut were ransacked and occupied. Until two weeks ago Saiqa, once the second largest organisation in the resistance movement, had ceased to exist, its supporters deeming it expedient to desert or like Mr. Mohsen to make themselves scarce.

Now under Syrian protection Saiqa has reoccupied most of its offices, its return to Beirut poignantly underlining the changed fortunes of the resistance movement in Lebanon after the ending of the civil war.

Its leaders—apparently with the exception of the rejection front—are meeting in Damascus in a major attempt to reach cohesion. The leadership is under severe pressure from within and from Arab and other governments outside, while its political and military action is being put firmly under Arab tutelage, particularly that of Syria.

Perhaps what happened was inevitable. It is questionable for instance whether the Palestinians could have kept out of the fighting in the Lebanon since the elimination of their presence was one of the stated objectives of the Maornite Christian militias.

But when the Palestinians entered the fighting on the side of Mr. Kamal Jumblatt and his Progressive Forces, they made a fundamental miscalculation. The PLO leadership failed to realise that its support for the Moslem Left-wing alliance upset the balance of forces in Lebanon so much that it aroused fears in Damascus, Jeddah and even Cairo of a radical—and uncontrollable — state emerging on one of Israel's borders.

This misapprehension was all the more serious at a time when the whole trend of the frontline Arab States, backed by the conservative oil producers, was towards a negotiated settlement. Thus, these States could not afford to see a victory resulting from a Jumblatt-PLO alliance whatever the Arab people as a whole might feel about the sacred Palestinian cause being emasculated.

The Palestinians bore the brunt of the fighting on their side, and suffered the heaviest military casualties as a result. Mr. Yasser Arafat, Chairman of the Palestine Liberation Organisation, may well say (as he did last week in an interview) that valuable military experience was gained. But this does not compensate for the thousands of new refugees caused by the Maronite Christian take-over of Tal al Zaatar and Nabaa. Nor does it compensate for the neglect of the south where Israel

**The PLO has been advised by its long-standing supporters, Yugoslavia and Romania, to take a moderate line in order to *win U.S. and western European recognition and backing*, it has been revealed in Beirut. PLO chairman Yassir Arafat recently visited those countries, Ihsan Hijazi writes. The discussions in Damascus of the 42-member central council which entered their second day yesterday are regarded as the start of an intensive assessment of the Palestinian position and formulation of future policy.**

has been allowed to consolidate its position through support for dissident Shia Moslem and anti-Palestine Maronite communities.

Worse, the movement now faces strict application of the 1969 Cairo accords and their subsequent amendments which were designed to regulate the Palestinian presence in Lebanon but which until now have never been fully observed.

Mr. Pierre Gemayel, the Phalangist leader, considers these agreements are no longer valid. With UN troops in all other sensitive Arab-Israeli border areas where there is no military action, Palestinian or other, why should Lebanon be the exception for military activity, he says. It would be surprising if President Assad did not introduce the same strict policy towards the resistance in Lebanon as he applies in Syria. The PLO is being allowed to concentrate in the Arkoub below Mount Hermon where most of its heavy weapons have been taken. But access to this area, as to the refugee camps, is well guarded by the Syrian-dominated "Arab Deterrent Force." Moreover, a basis for agreement on a token hand-over of heavy weapons seems to have been worked out, the bulk being stockpiled in specified places. President Sarkis and the Syrians also plan to have a Lebanese border force, backed by Arab forces.

The leadership has emerged with little credit. The only explanation for the outcome of the fighting offered to a confused rank and file is that there is a "conspiracy" to eliminate the Palestinians. No one has admitted that the Palestinian problems are in part self-induced. Conspiracy theories are easily bought in the Arab world —especially now in the Lebanon where the word seems on everyone's lips. But how does this explain to a Palestinian fighter why the leadership one day is saying "we will fight to the last man" and then the next is ordering sheep to be killed to welcome Syrian soldiers.

The leadership's image has suffered, too, from its manifest inability to exert authority and discipline. The PLO, and in particular Al Fatah, the main group, control West Beirut. It was an opportunity to win genuine support among the Lebanese. Some good things were done like the way in which Al Fatah engineers kept the Post Office going. But generally discipline was abysmal and nothing was done to prevent looting (Saiqa was the worst culprit) and racketeering.

It is impossible to say how much tension this has created within the PLO, but three basic viewpoints have developed.

The first, but not necessarily the predominant, maintains that a Palestinian State can be set up only with the backing of the Arab powers. Many informed Lebanese and Palestinians are convinced that the leaders of Egypt, Kuwait, Saudi Arabia and Syria agreed at the Riyadh and Cairo summits that a major effort must be made in 1977 to settle the Arab-Israeli conflict once and for all by negotiation, not violence. Therefore, says this group—believed to include Mr. Arafat and Mr. Mohsen—the PLO has no option but to give up revolution for negotiation.

The second group, said to include Mr. Arafat's second-in-command Mr. Abu Iyad, prefers to sit tight, doing nothing which might prejudice future freedom of action, and wait for things to change.

The third line, that of the Rejection Front of Mr. George Habash and Major Ahmed Jibril, insists that the only way to continue the revolutionary aims of the resistance is to provoke instability through terror in the hope of unseating the "reactionary" Arab regimes whom they see plotting with the U.S. and the Zionists.

Pressure by Arab governments and the military weakness of the movement in Lebanon, its last stronghold, makes it likely that the moderate line will be adopted. There have been some heavy-handed hints from Damascus in the past two weeks that this line had better be pursued or else the leadership be changed. The PLO reaction to this has been a tough statement rejecting interference in its own affairs, but there is little it can do except protest and try to close ranks.

Behind this Arab pressure lies the revival of the argument, always running beneath the surface, over who represents the Palestinians. The Rabat summit of 1974 recognised the PLO as the sole representative of the Palestinians. This was reaffirmed at Riyadh and in Cairo over a month ago. But if the front line Arab States are to begin to negotiate a settlement with Israel, some important questions have to be answered. Whom will Israel talk to among the Palestinians (if at all)? Who will speak for the West Bank and the Gaza Strip?

This is the area where the Palestinian entity will be established, according to present Arab thinking and the concept has been recognised in the latest UN General Assembly resolution. This was an important consideration at Riyadh and Cairo and was discussed last week in Amman by President Assad and King Hussein.

Further the frontline Arab States are considering the establishment of a Palestinian Government in-exile consisting mostly of civilians but headed by Yasser Arafat.

The Palestinian leadership appears to recognise the need to introduce new, and civilian, faces in the Palestine National Council. This is the principal representative body of the Palestinians, and is due to meet in Cairo early in the New Year. King Hussein, in particular, would like to see elements faithful to the Hashemite Monarchy elected. The movement must also evolve an answer to the idea that it should participate in a joint Arab delegation at Geneva. President Sadat believes such a device to be a means of overcoming Israeli objections to the PLO and he proposed it again last week. Beyond that it may come under pressure to modify in some way the rejection of the Zionist state enshrined in the Palestine National Charter.

In Beirut some observers believe Jordan and Syria to be approaching federation not just with a view to closer contacts between their two States, but with a broader long term aim of federating a Palestinian West Bank Gaza entity as well as providing Israel with the necessary security guarantees.

Such an arrangement is a long way from the independent Palestinian state for which the PLO has been striving. But it shows that the PLO's main concern must still be with Arab governments and not with Israel.

# Arab states agree future arms role for AMIO

BY MICHAEL TINGAY CAIRO, Dec. 13.

DEFENCE MINISTERS from Saudi Arabia, Qatar, the UAE and Egypt finished crucial talks last week on the Arab Military Industries Organisation (AMIO) with no announcements but leaving a clear impression that important issues have been finally clarified.

Despite a cloak of secrecy, well-informed circles believe that the future role of AMIO has been settled in the minds of the participant States. But it is likely to be several years before the organisation starts arms production.

The former impression that AMIO is being established purely to add to Egyptian arms *manufacture can be dismissed*. It is now being stressed that in spite of Egypt providing the factory space and workforce for AMIO, the project is an Arab project for the Arab world.

Second, the Board of AMIO appears to have come to terms with the conflict between AMIO as a buyer and as a maker of Western arms, and is resolved to attempt the manufacture of Western arms under licence. One military expert pointed out: "It is more logical and cheaper for Egypt to buy arms direct without going through an organisation which would certainly charge for its services."

AMIO's higher committee includes the four states' Defence Ministers, and last week's meeting was the third of the twice-yearly talks at which strategic supply matters are discussed. Experts here have said that the impression that AMIO is moving slowly is false.

AMIO has so far indicated its interest in building hardware *for aerial warfare* but has shown no interest in making ground warfare vehicles nor simpler items like guns.

Complexities involved in the transfer of technology are so profound that AMIO must be considered a source of military supply for the late 1980s and not before. Its role in the event of a negotiated settlement with Israel, something which is now accepted by all the major Arab parties in the Middle East conflict, has yet to be envisaged.

Impediments to Arab arms plans remain to be solved. Modernisation is given top priority in Egyptian military factories which are already undergoing a long programme of computerisation. But the technological and production processes involved in making an aircraft assembly line or a production line for assembly of missiles involve a quantum jump in standards, in efficiency, and in costs.

*It is said* that AMIO's Board of directors has now grasped fully the marketing problems involved in arms manufacture. These include how many Mirage fighters could AMIO sell in the Arab world, if all other difficulties were overcome? What Arab countries would buy the chosen plane?

# Japanese in N. Korean debt talks

TOKYO, Dec. 13.

A JAPANESE delegation of bankers, manufacturers, and traders have left for Pyongyang to negotiate for the rescheduling of North Korea's overdue debts to Japanese companies, estimated at about $70m., banking sources report.

The delegation is empowered to conclude a settlement, but Japanese and North Korean attitudes are still wide apart on questions of repayment schedules and interest rates, the sources said. Negotiations for the rescheduling of North Korean debts have been in progress since last year, but this is the first time talks aimed at concluding a contract are to be held.

North Korea's total trade debts to Japanese companies total around $300m. including debts incurred from North Korea's trade with third countries. Of the total, an estimated $70m. is now overdue, sources said. Reuter

# Shoe imports still at high level

BY KEVIN DONE, INDUSTRIAL STAFF

IMPORTS of footwear are continuing at a high level after a sharp rise in the first half of the year and, according to figures published by the British Footwear Manufacturers Federation, sales volumes have increased by 20 per cent. in the first nine months compared with same period last year.

But British shoe manufacturers are gaining some consolation from the way the rate of shoe imports has flattened out in the third quarter of the year, a move that has been accompanied by a small surge in exports in recent months.

There is still a substantial balance of trade deficit in footwear—amounting to £71.79m. in the first nine months this year —but exports, which performed badly in 1975, are now going up again but from a small base.

In the first nine months this year 13.04m. pairs worth £47.28m. were exported with the main increases coming from improved trade with EEC countries and Australia. The volume of exports increased by 5.6 per cent. and the value by 29.1 per cent. compared with the performance in the first nine months of last year of 12.35m. pairs worth £36.61m.

Although footwear imports are flattening out, over the first nine months of the year they have gone up by 20 per cent. in volume to 73.59m. pairs and in value by 28.8 per cent. to £119.07m.

The bulk of imports continue to come from Hong Kong, which holds 23 per cent. and from Italy which has 18 per cent. Taiwan accounts for 9 per cent. of imports and South Korea for 8 per cent. In the first nine months last year 61.30m. pairs of shoes were imported worth a total of £92.47m.

# Indian exports rise sharply

By K. K. Sharma

NEW DELHI, Dec. 13.

INDIA'S exports from April to October increased by a record 34 per cent. as compared to the same period last year, the Commerce Ministry has announced.

In the same period imports fell by 31 per cent., leaving a surplus trade balance of Rs.750m. In the corresponding period last year India had a massive deficit of Rs.9.1bn., and this year's performance is considered impressive in view of recessionary conditions in the world and the slow growth of world trade.

The growth rate of exports last year was comparatively low at 18.4 per cent., although it was 32 per cent. in 1974-75.

## Ship ban

Saudia Arabia has forbidden ships more than 15 years old from discharging cargo at its ports, according to an advertisement published in Britain. The ban is aimed to speed up cargo discharge, especially at the port of Jeddah.

## Shoe factory

A French consortium led by the construction company Desse Freres, the footwear company G. Imbert and the consultants Segmo have been awarded a Frs.60m. contract by the Algerian Government to set up a shoe manufacturing plant.

# Industrial exports help to reduce Israeli deficit

BY L. DANIEL

ISRAEL SUCCEEDED in reducing her trade deficit by almost a quarter in the first 10 months of this year—by $470m.—with a further reduction of $60m. in November and a similar drop expected for December. This was largely due to an increase in exports of industrial products. As a result, the deficit on visible trade dropped from $1.9bn. in the January/October period of 1975 to $1.469bn. in the same months of this year.

Imports declined by 4 per cent. (despite higher import prices) from $3.427bn. to $3.296bn., while exports rose by 23 per cent. from $1.492bn. to $1.337bn. this year.

The Ministry of Commerce and Industry hopes that exports can be stepped up by a further $300-$350m. in 1977, though its director-general, Dr. M. Mandlebaum, acknowledged here this week-end that 1977 will be a hard year in view of the likely increase in oil prices, economic conditions in a number of European countries, and the 8 per cent. unemployment rate in the U.S.

He suggested that "unconventional methods" be adopted to encourage exports, that investments be chanelled into export industries only and—above all—that inflation be reduced from the 1976 rate of 35 per cent. to the 20 to 22 per cent. range in 1977 and 12-15 per cent. in 1978. Reuter

# Poland 'to recognise EEC'

BY DAVID LASCELLES

POLAND is prepared to recognise the EEC in order to negotiate a trade agreement on textile goods, Polish foreign trade sources told the Financial Times in Warsaw. This appears to confirm Comecon members' growing willingness to recognise the competence of the Brussels Commission when vital trade interests are at stake.

According to the Foreign Trade Ministry, Poland is preparing for negotiations under the next round of the GATT multifibre agreement for exports of textile goods to EEC markets. Poland recognises the fact that the EEC speaks with one voice at GATT, and is ready to talk on this basis, the sources said.

Poland will thus follow the example set by Romania which signed a multifibre agreement with the EEC in October under the auspices of the GATT. That was the first document to bear the seal of both the EEC Commission and a Comecon member. At the time it was predicted that Poland and Hungary might follow suit.

Poland relies heavily on exports of textiles and clothing for its hard currency earnings. But these sales have met with growing resistance from Western manufacturers, and there have been charges of dumping.

# Britain to build £5.2m Vietnam factory

A BRITISH company, J. Mackie of Belfast, has wo[n a] £5.2m. order from the Soci[alist] Republic of Vietnam to supp[ly a] complete jute factory.

The contract, in associ[ation] with J. C. Gilbert, a subsi[diary] of United City Merchants, signed with Technoimport, State trading corporation.

UCM said: "This is the major contract between the [UK] and Vietnam. The contract signed in Hanoi in the pres[ence] of HM Ambassador to Viet[nam] Mr. Robert Pesh.

"Construction of the fa[ctory] for the housing of the plant be carried out by Arcon Buil[ding] Exports, a member of the Ta[ylor] Woodrow Group."

## BCAL contracts

BRITISH Caledonian Air[ways] has signed contracts w[orth] £2.4m. with U.S. organisa[tions] for transatlantic charter [pro]grammes during 1977. The [con]tracts are with Elkin Tour[s of] Southfield, Michigan, for f[lights] from Detroit to the U.K. [from] April to October; with B[...] away Travel for weekly fl[ights] from New York from Jun[e to] October; and with Great Br[itain] Charters of New York for fl[ights] from early April to Prest[wick] and Gatwick.

## Textile claim

A further call for effe[ctive] revision of the GATT [Multi] Fibre Arrangement (MFA) [has] been made by the EEC Te[xtile] Finishing Industry (CRI[...]). The dyers and printers [...] that without rigorous restr[aint] of the growth of clothing im[ports] from low-cost countries, pa[rticu]larly Hong Kong, South K[orea,] Taiwan and Brazil, the Euro[pean] industry will contract belo[w a] viable level.

## Locks contract

British Dredging Aggre[gates] has been awarded a year [...] contract worth £1lm. b[y a] Belgian consortium to su[pply] 1m. tonnes of sea-dredged ag[gre]gate for the construction of locks in the harbour at Zeebr[ugge] and building work at Ostend.

## Swiss finance

The Swiss Credit Bank, Zurich has granted Mexico [an] eight-year framework credi[t of] Sw.Frs.50m. for the financin[g of] Mexican orders of Swiss ca[pital] and consumer goods.

## $100m. credit

A group of 38 internati[onal] banks have signed a loan ag[ree]ment with Empresa Colomb[iana] de Petroleos (Ecopetrol), Colombian State-owned oil [com]pany—for a $100m. credit, w[hich] is to increase production [of] Colombia's refined oil prod[ucts] and to provide for other ca[pital] improvements of Ecopetrol.

## Saudi bungalows

The Lesser Group has wo[n a] £3m. turn-key contract for [the] construction of 70 bungalow[s at] the new industrial port of Ju[bail] on the Gulf coast.

## Columbian pipeline

The International Finance [Cor]poration, a World Bank affil[iate,] will provide $15m. in fin[anc]ing for a natural gas pipe[line] project in Colombia.

## Iran agreement

Iran and South Korea have [set] a $2bn. target for the excha[nge] of goods and services in [a] five-year period ending in 1[...]. Iran is looking toward S[outh] Korea for construction ex[per]tise, manpower and finis[hed] goods.

## Plant for Jordan

The Jordan Electri[city] Authority has awarded a Y1.[...] order for two 3,500 kW di[esel] power generating plants to [...] (Ishikawajima-Harima He[avy] Industries) through Mitsui.

## New Gulf port

Abu Dhabi is planning a [new] port on the Gulf, the Mid[dle] East Economic Survey repo[rted] yesterday. It will have 24 f[ully] equipped piers to handle [all] types of ships including la[rge] container-carriers.

WORLD TEXTILES

# Facing the realities of unemployment

BY JAMES SCOTT, TORONTO CORRESPONDENT

THE DAY after Jean Chretien, Canada's Minister of Industry, Trade and Commerce, announced the imposition of quotas on clothing imports for 1977, a 48-year-old textile manufacturer in Quebec, employing about 400 workers, closed the doors forever at its two remaining plants, victims of the relentless competition from low wage countries.

The company, Associated Textiles of Canada, was once a major force in Canada's textile community but in the past few years its position has deteriorated. In the year that ended last June 30 it suffered an operating loss of $C5m. on sales of $C15m., while operating losses for the past four years have totalled $C15m. The Federal Government was notified of the intended closure last August and has been trying to find a buyer for the plants without success.

In the hope of avoiding a growing number of similar situations in the future, the Government will limit clothing imports next year to the 1975 level of 182m. garments. This represents a big cutback from this year's imports which are expected to total 290m. garments.

Mr. Chretien said the action was being taken "to avert a crisis situation in the textile and clothing industries, which provide employment for about 200,000 Canadians." He justified the abruptness of the move by citing an interim report of the Textile and Clothing Board which calculated that a continuation of the situation would likely result in 20,000 people being laid-off in the garment sector alone and another 12,500 in the primary fabric making sector would lose their jobs. Had the situation gone unchecked, plant closings, bankruptcies and lay-offs would have accelerated and most of the industry would have passed the point of no return.

Early in October, responding to domestic producers' alarm at a surge of imports of double-knit fabric, the Government set an import limit for the six months ending next April of 4.5m. lbs. This will reduce imports for the six-month period to approximately the level of the 1976 first half. The import rise accelerated in the third-quarter of this year and in the second half of August imports from the U.S. alone were running at an annual rate of about 15m. lbs.

The issue is as old as the confederation itself. How much protection from foreign competition should Canada provide its domestic industries, given its small market and high labour costs? The Economic Council of Canada argues that there should be little protection and that Canadians should compete vigorously in the world market. Economic theories are one thing. The political reality of chronic unemployment is another.

The industry enjoys one of the highest protective tariffs accorded any manufacturing sector of the country. Goods coming from abroad have duties ranging from 22 to 27 per cent. tacked on before they reach Canadian stores. But increasingly in the past few years, imports from cheap-labour countries such as Taiwan, Hong Kong, South Korea and China have been finding it easy to get over the tariff wall. At first it was cheaply made low-priced goods, but in the past few years even expensive designer clothing is carrying "made in somewhere else" labels.

The move to curb clothing and textile imports sparked a controversy at meetings of the Textile Committee of the General Agreement on Tariffs and Trade in Geneva. The controversy centres around whether countries that have signed the Multi-fibre Arrangement (MFA), the pact that regulates world trade in textiles, can take action that contravenes the agreement.

In defending its move, Canada resorted to a seldom used GATT provision that allows such action when the level of imports threatens to damage a country's textile industry, a move that many Government trade offic[ials] fear will invite retaliation fr[om] Canada's trading partners.

Some have suggested development of a common tex[tile] and clothing market with [the] U.S. along the lines of the a[uto] pact (for free trade in mo[tor] industry products) to g[ive] Canadian manufacturers [the] benefits of economies of sc[ale]. But while many of the clothi[ng] manufacturers would continue [to] survive, the textile indus[try] fears that such a move wou[ld] result in all textile producti[on] shifting to the southern U[.S.] where there are large pools [of] cheap labour. No one knows f[or] sure because the Canadi[an] Government has never enforc[ed] its long-range strategy for t[he] industry.

A textile policy put forwa[rd] in 1969 was designed [to] strengthen the most efficie[nt] segments of the industry. Th[is] has happened to some exte[nt] but the industry has been relu[c]tant to concede the other si[de] of the equation—that segmen[ts] of the industry where Cana[da] cannot compete should [be] allowed to die.

The Textile Board is schedul[ed] to complete its review of t[he] industry next spring and fro[m] present indications it appea[rs] that the Board will recommen[d] more protection.

هكذا من الأصل



HOME NEWS

# National Carriers cuts loss to £5m.

BY IAN HARGREAVES, INDUSTRIAL STAFF

.DING losses at National ·iers, the parcels and general age division of the State- ed National Freight Corpora- , have been cut this year almost £10m. to less than

ie recovery has been eved on virtually unchanged ic volume and without price eases above the general level nflation.

ational Carriers, the former ish Rail sundries division, h has been a burden in the it and loss account of onal Freight since its rption in 1969, will be wed a £7m. investment pro- ome for the coming year.

is is less than the company's agement asked for but igh to ensure a viable fleet ehicles.

gent longer-term investment sions must await the Govern- t's long-awaited response to Coopers and Lybrand report NFC's financial structure.

The company is seeking to reduce its losses to about £3m. next year and to have a profit in 1978 for the first time since the takeover.

Although National Carriers trading forecasts have been less than realiable on some occasions the present projections seem only modestly ambitious.

The change in the company's fortunes must owe a great deal to Mr. Brian Hayward, the 39-year-old managing director.

He has re-organised the company into seven divisions, cut transit times by an average 20 per cent. and reduced the work-force from almost 16,000 last year to about 14,000 without provoking serious reaction from the unions.

## Specialised

A significant portion of the labour reduction has been among white-collar and management grades. The number of people employed at the head office is down by almost half. The company plans to move this reduced force to more economical premises in Paddington in April, so saving an estimated £100,000 a year.

Mr. Hayward has also maintained the trend to more specialised services — a service for the pottery industry, Chinaflow, was announced last week — and has succeeded in cutting the company's payments on claims for damage and loss.

The result has been that in four weeks last month traditionally a busy time, the company made £144,000 profit. One section of the company's problem-stricken European service — the French — has started to show a profit.

The news from National Carriers bodes well for the end of year results of Freight Corporation as a whole. Freightliners, the container company in which the Corporation has a 51 per cent. stake, will record a £1m. trading profit against last year's £1m. loss.

# Observer plans circulation campaign

By Michael Thompson-Noel

A CAMPAIGN to increase The Observer's circulation and widen its reader appeal is planned, Mr. Donald Trelford, editor, said yesterday.

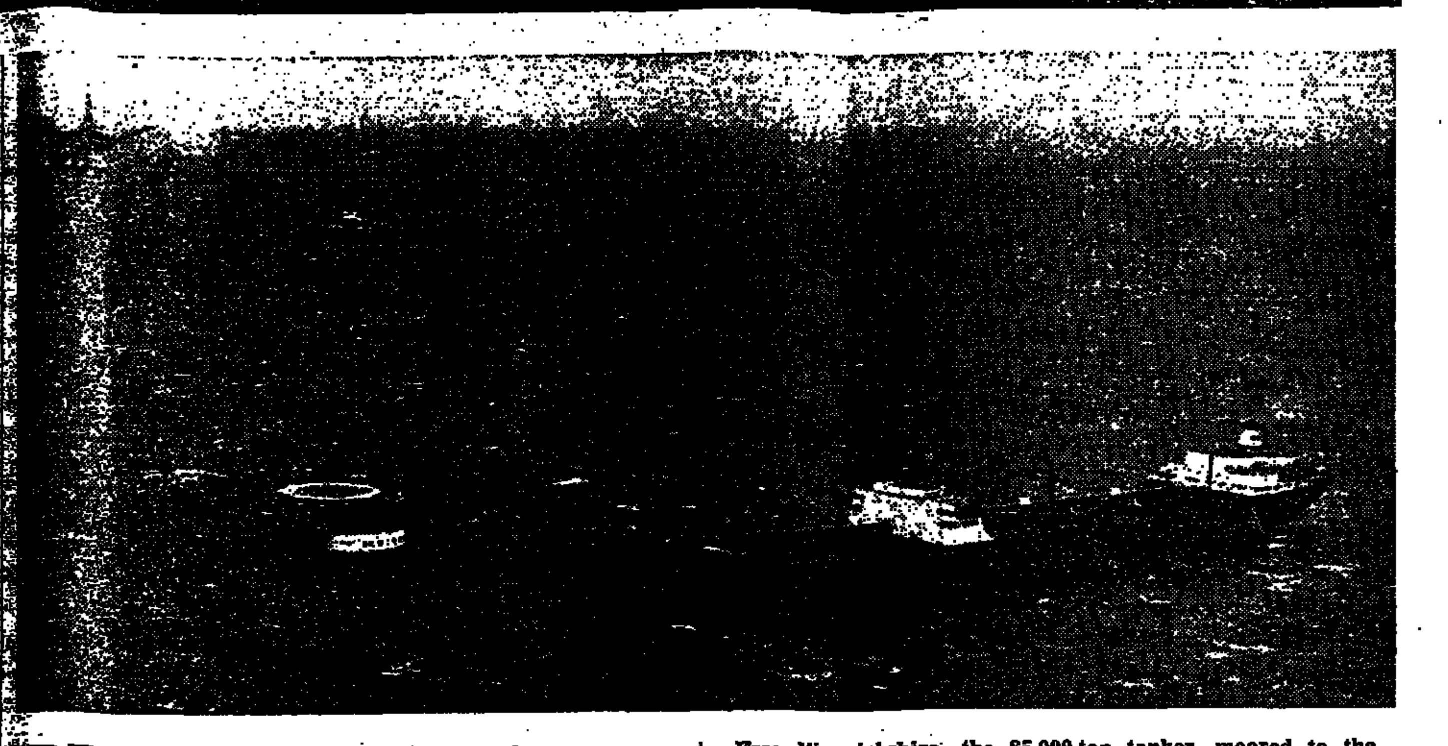
A controlling interest in the newspaper was recently acquired by the Atlantic Richfield Company of the U.S.

Mr. Trelford said that the newspaper's top executives—editorial, managerial and advertising—were to have a week-end meeting to discuss its future under its new owner.

A possible price increase would be discussed, but he hoped that it could be avoided.

Mr. Trelford told the Institute of Practioneers in Advertising that Mr. Robert Anderson, chairman of Atlantic Richfield, was a "remarkable new force" in Fleet Street.

He did not view The Observer's opposition in terms of the Sunday Times, Sunday Telegraph or Sunday Express, but a "new" Observer would set out to capture the younger ABC1 group.



Esso Warwickshire, the 85,000-ton tanker, moored to the offshore loading facility on the Brent Field 112 miles north-east of the Shetland Islands while receiving the first cargo of crude oil.

# Survey finds 80% of owners consider cars a necessity

BY IAN HARGREAVES, INDUSTRIAL STAFF

E THAN 80 per cent. of car ers questioned in a Society Motor Manufacturers and iers survey said they con- red their vehicles a necessity er than a luxury.

ie survey, of 800 motorists non-motorists, reached the lusion that the British are e dependent than ever on r cars and that massive in- ses in costs since 1973, the of the last survey, have done nothing to dampen their enthusiasm.

Of the people questioned, 73 per cent. considered the car to be socially beneficial, against 64 per cent. in 1973. Only 9 per cent. thought it harmful, against 13 per cent. in the earlier research.

More than half the car owners said the loss of their vehicles would damage their social life. For 37 per cent., it would mean a change of job and for 16 per cent. a change of home.

Extrapolating these figures, SMMT says that up to 5½m. people would be forced to move house and nearly 4m. would have to change jobs if they were without cars.

Mr. James Campbell Fraser, introducing the report for SMMT, said the report showed attitudes which should be taken into account in the formulation of the White Paper on transport policy expected next May.

# Cut in spending 'could increase road accidents'

GOVERNMENT SPENDING cuts could result in a sharp rise in accidents on Scottish roads this winter, Transport Action Scotland said yesterday.

Mr. Andrew Lewis, chairman of the group, whose members include freight, bus and haulage interests, the AA and RAC, said in Edinburgh that motorists and other road users faced a serious threat through skidding and the loss of control on badly maintained surfaces. Only the absence of bad winters for several years had prevented this happening earlier.

# BBC overseas service to cut hours and jobs

BY ARTHUR SANDLES

ABOUT £229,000 is being cut from the BBC external services budget next year. This is in addition to the £312,000 already indicated, and before any further reductions which may be made as a result of this week's Government economy measures.

The BBC hopes to put off cuts in programmes until 1978-79, when five or six language services may have to be reduced. The number of broadcast hours may drop below 700 a week and some jobs will be lost. It is hoped that this will be done through natural wastage.

Last year the U.K. had the fifth largest international broadcasting service in the world, with Russia in the lear, followed by China, the Voice of America, and West Germany.

Now Britain is in danger of falling below the output of Egypt and Radio Liberty, the privately financed U.S. station.

BBC external services are financed by a direct grant from the Treasury. In 1975-76 this was £26.5m., £4m. of which went to monitoring services and capital spending.

In recent years several cuts have been made. The most spectacular was the £340,000 reduction which ended the Caribbean service last year and the £288,000 cut this year which ended the BBC's Sinhala and Hebrew operations. An additional cut of £202,000 will be made in 1978-79.

"We are paring to the bone," Mr. Gerard Mansell, director, External Broadcasting, said last night.

World ownership of radios recently topped 1bn. and most other countries are increasing their foreign transmissions.

"Last year America, Russia, China and the Warsaw Pact countries increased their broadcast hours by a total of 276 each week. If Warsaw Pact countries are put together, their joint total is 1,449 hours a week.

Apart from the West Germans and the Dutch, Western Europe is not a great source of international broadcasting. Last year the French were averaging 108 hours a week, the Italians 170 and the Portuguese 190. All these were well below the Albanian total of 419 hours a week.

Uganda launched external broadcasting last year with services in English, French, Arabic and Swahili.

The main language of the BBC external services is English, which accounts for a little under one-third of the time. The second language is Arabic, which accounts for 63 hours each week, compared with 45 minutes of Nepali and 30 minutes of Maltese. There are about 32 hours of Russian broadcasting each week.

# Companies face 40% rates rise

GLASGOW businesses face a rise of at least 40 per cent. in rates next year, the Glasgow Chamber of Commerce said yesterday.

Strathclyde region, which contains half the population of Scotland, could become the highest rated area in the U.K.

# Esso tanker loads first Brent crude

BY RAY DAFTER, ENERGY CORRESPONDENT

THE SHELL/ESSO offshore group has started loading oil from its Brent Feld, the bigegst oil find in the U.K. sector of the North Sea.

Shell, annou'ging the loading operation, confirmed that development of the field is expected to cost a total of £2.4bn. To reach the stage of bringing the first oil on-stream the Shell/Esso group has spent £680m.; next year it is estimated the group will spend £520m.

## Estimated reserves

The field has an estimated 2bn. barrels o foil reserves. It also contains an estimated 3,000bn. cubic feet of natural gas. The gas is due to be piped ashore in 1979.

The initial cargo of Brent oil is being loaded into the 85,000 dwt. tons tankers, Esso Warwickshire, for transhipment to Esso's Fawley refinery, near Southampton shortly. Production by the end of the year is expected to reach about 40,000 barrels per day. By 1982, when the oil pipeline between Brent and other neighbouring fields and the Sullom Voe terminal in the Shetland Islands will be fully operational, Brent should be producing at a peak of 550,000 b/d, including 100,000 b/d of natural gas liquids.

In addition the field will be supplying British Gas with 650m. cubic feet per day of dry gas.

While Shell and Esso wait for the oil pipeline and terminal to be brought into operation, two tankers are being used to transport oil to the mainland. Shell Tankers' 70,000 dwt. tons vessel, Drupa, is expected to start loading operations early in January.

Brent will eventually produce oil through four platforms: three of concrete and one of steel.
of concrete and one of steel. Three of the platforms are now in place. "Brent C," the fourth platform of concrete design, is scheduled to be installed in the early summer of 1978.

# 'Flue blocked' in death house

THE FLUE of a boiler in an outdoor pursuit centre where four Brownies died in a dormitory was blocked with ash and soot, an inquest at Buxton, Derbyshire, was told yesterday.

About 100 people are attending the inquest into the deaths of the girls on July 4 at the Turnlea Outdoor Pursuit Centre at Glossop, Derbyshire. The hearing is expected to go on for several days.

# Transport balance 'must change'

BY MAX WILKINSON, INDUSTRIAL STAFF

NG OIL prices will force Government to discriminate nst private cars to help lic transport, Mr. Anthony rison, chief executive of ater Manchester Council, pre- ed yesterday.

r. Harrison told the Char- d Institute of Transport that e was likely to be a reduc- in the direct subsidies to lic transport. These were ing at about £320m. to the ays and about £160m. to the bus services.

He said: "Attention may shift to alternative ways of affecting the balance between public and private transport. The available measures include a range of traffic management policies aimed at making the use of the car more difficult (by parking control, for example) or improving public transport performance (like bus lanes)."

In big cities, the most direct option was the control of parking and pricing. The Government could increase the tax on petrol which, at 30p a gallon, was a smaller proportion of the pump price than levied in some other European countries.

There was no indication that further control or taxation of motor cars would be pursued with vigour in the immediate future.

"This may lead to the conclusion that the downward drift of public transport usage and operation will continue. However, this overlooks two major trends which will affect the future."

The first was the increasing demand for restricted oil supplies and the second the restriction on capital for urban road investment, which would create increasing congestion on the highways.

It was wrong, he said, to assume that the oil crisis had receded. Pressure on oil supplies would increase until at least 1990, led by demand in America.

HOME NEWS

# Clyde yard will lay off 1,000 as orders run out

BY OUR GLASGOW CORRESPONDENT

A THOUSAND men at Marathon's Clydebank oil rig yard are to be suspended without pay from Friday because of the company's orders crisis.

The men were offered a choice yesterday between outright redundancy and suspension until an order could be won by the American-owned company, which is awaiting a Government decision on its request for aid to build a rig as a speculative venture.

The company said that if it obtained another order there would be jobs for about 600 in the New Year, although it would require at least a second order to ensure full employment for the 1,400 workforce.

The Cabinet is likely to discuss the request—to pay labour costs of about £90,000 a week for 10 months—on Thursday, but both management and employees are not over-optimistic about the outcome.

Marathon is to deliver its last order, a £9.5m. jack-up rig for Abu Dhabi, also on Thursday, and after that has only sub-contract work for about 400 until mid-February.

After hearing of the company's ultimatum, shop stewards tried to contact Mr. Bruce Millan, Secretary for Scotland, to urge him to put before the Cabinet a plan to safeguard the yard's long-term future. It is understood that some public stake in the company may be involved.

Mr. Bob Dickie, shop stewards convenor, said yesterday that if the Government turned down the request, it would virtually mean the closure of the yard.

The men, some of whom favour taking redundancy payments, were not hopeful of getting their jobs back next year.

Mr. David Fullerton, the yard's industrial relations manager, said that the option of suspension had been offered because the company thought it would go down better with the Government as a decision on speculative building had still to be taken, rather than announcing redundancies.

If men wanted to volunteer for redundancy, the company would be prepared to let them go. Mr. Fullerton emphasised that Marathon was still negotiating for other orders, including a repeat rig for Abu Dhabi.

But even then, only about 100 men could be taken on immediately with the other 500 following over a period of months.

# Laing delays closing yard

BY OUR DARLINGTON CORRESPONDENT

LAING OFFSHORE, the Hartlepool oil production platform builders, which made 1,800 workers redundant in July, is to delay closing its Graythorpe yard completely for another six months.

The decision comes after confirmation that the yard is in the running for the contract for a £50m. platform for Continental Oil's Murchison Field.

Laing Offshore had intended to close the yard at the end of this month, but it said yesterday that the position had been reviewed. The base would be kept open until the middle of next year.

A skeleton workforce of 60 has been retained by the company since July on a care and maintenance basis.

# Earnings ceiling 'should be set on workplaces'

BY CHRISTIAN TYLER, LABOUR STAFF

THE NEXT pay policy should set an earnings ceiling for workplaces, not for individuals, so that negotiators in the all-important manufacturing industries can distribute rises in a way that will help to restore pay differentials, says a study published to-day by Political and Economic Planning.

Because such a policy would be more complicated and flexible than the present 4½ per cent. limit on individual's earnings or its predecessor, the £6-per-head limit, an independent tripartite vetting body should be set up to monitor settlements after the end of July next year, the study says.

The author of the report, Mr. W. W. Daniel, revieves the idea of a national relativities board. This, too, he says could be an independent agency governed by representatives from the TUC, CBI and Government.

Its job would not be to set pay rates nor to produce a national ob evaluation scheme, but to help negotiators agre firm criteria for cross-industry wage comparisons.

It would resolve in a more systematic way than ad hoc inquiries (like the two set up to solve the miners' strikes in 1972 and 1974) disagreements between employers and workers about which were the fair comparisons to make.

Mr. Daniel takes as his starting piont the view that "manufacturing industry represents the most likely detonation point for the pay explosion that would certainly follow the removal of restraint."

It was in manufacturing that grievances about the effects of the last two phases of policy were strongest and where managers, anxious to avoid disruption as they tried to lead the country out of recession, would be most vulnerable to pay pressure.

## More palatable

To help manufacturing—where plant bargaining is important—increases for the next round should be related to the total wage and salary bills of establishments—not to bargaining groups within establishments as was done during the Conservative Government's 1972-74 incomes policy.

This change of emphasis could encourage rationalisation of bargaining units. Decentralisation would restore the influence and role of shopfloor union officials, thus making another round of restraint more "palatable" to them.

It would not be necessary to restore the full percentage differentials that applied before inflation took off and before flat-rate rises eroded them.

According to opinion surveys, workers thought more in terms of cash differences and were mainly keen to see a clear hierarchy of rates between grades. Nor did they always compare their wages with those paid in other industries or areas.

The "factory ceiling" would also allow productivity increases. If the labour force was reduced while output was maintained, there would be more money for those still employed.

Part of the pay rise might be held back temporarily by the vetting body as a further inducement to plants to re-establish clear pay structures.

Similarly, there was no need to restore the pay relativity of managers and professional people vis-à-vis manual workers, despite current agitation. These employees, too, were more concerned about differentials—that is, pay relativities inside their own places of work.

Mr. Daniel does not rule out some adjustment of the tax rates, but considers that a matter for politician decision rather than economic decision about incomes policies.

*The Next Stage of Incomes Policy; W. W. Daniel; PEP 565; £2, 12, Upper Belgrave Street, London SW1X 8BB.*

# Leyland not given pledge for new London bus

By Ian Hargreaves

A NEW blow was dealt to British Leyland's £13m. B15 double-deck bus project yesterday when the Greater London Council transport committee decided it could not commit itself to a £20m. bus investment programme.

Instead, the committee accepted a recommendation that it should allocate £1.2m. for 50 Leyland National single-deckers and that London Transport should be asked to produce a further report on the £20m. programme.

Although the failure to reach an immediate decision to purchase 450 double-deckers does not signal the end of the B15, it does make it increasingly likely that its 1978 launching date will be set back. If the GLC eventually decides not to buy the B15, cancellation must be on the cards.

## Change of mind

The report from the controllers fo finance and planning and transportation, accepted by the committee yesterday, represented a sharp change of view from a similar report from the same source only two weeks ago.

With an eye on to-morrow's mini-Budget, the committee has now accepted that it cannot assume that the Government will pay the usual 50 per cent. new bus grant.

Yesterday's report also suggested that the B15 might not be the cheapest double-decker available and pointed out that a rapid replacement programme would add another 700 buses to London Transport's existing stock of 250 second-hand buses and would present "a very real problem."

In a further blow to British Leyland, the report also expresses uncertainty about the reliability of the National single-decker. It says that London Transport has not tested the bus sufficiently so far to risk an order of more than 50 of the vehicles.

The B15 now looks like being the subject of an inter-departmental struggle in Government. The Transport Department will certainly not wish to condone a £20m. GLC bus spending programme, but may be forced to do so if there is sufficient support for the B15 from other quarters.

● NEWS ANALYSIS—PHILIPS'S PLANS FOR PYE'S TELEVISION INTERESTS

# Set to maintain the image

BY MAX WILKINSON, INDUSTRIAL STAFF

PHILIPS Industries' plans to take over the radio and television interests of Pye of Cambridge are expected to be given Government approval.

But the full details of the take-over will have to be studied by the Department of Industry to see whether they are compatible with a private undertaking by Philips in 1967 that Pye's separate British identity would be maintained.

This agreement with Mr. Anthony Wedgwood Benn, then the Trade Secretary, was the condition extracted from Philips when it bought a 60 per cent. shareholding in Pye.

The take-over followed a bitter boardroom battle in 1966 between Mr. Francis Duncan, the chairman, and Mr. John Stanley, the deputy managing director.

The battle took the form of a series of public accusations and counter appeals to the shareholders following an investigation into the company's finances by Cooper Brothers, the accountants. Their report showed the company had accumulated losses of £9m., mainly through rash investments in the radio and television fields.

A committee of shareholders tried unsuccessfully to unseat Mr. Duncan. But in the end, shareholders voted overwhelmingly to unseat Mr. Stanley from the Board. The Philips bid was announced only a week later.

Since then Pye's Consumer Products Division has operated separately from Philips with a different manufacturing, marketing and managerial organisation. But the design and production of radios and televisions has been progressively integrated under the different brand names.

## Main impetus

Philips's current proposal is to buy outright the Pye domestic radio and television business in the U.K. In two related deals NV Philips, the Eindhoven parent company, proposes to buy Pye's 50 per cent. stake in the Hong Kong transistor radio factory, Coronet Industries and Philips's Australian subsidiary, Philips Industry Holdings, intends to buy Pye's Australian subsidiary, Pye Industries.

The main impetus for the takeovers is the recent decline in the market for colour televisions in both Britain and Australia. The Australian market almost collapsed this year after heavy over-ordering from distributors, and has been slow to recover. There is continued strong competition from Japan.

The U.K. market has sunk from the record 2.5m. colour sets in 1973 to an expected 1.6m. this year. Now 55 per cent. of homes have colour television sets the industry estimates that the domestic market is unlikely to show any marked recovery in the next year or two. It could even decline to 1.4m.

The result has been over-capacity throughout the industry with a continued prospect of redundancies as production becomes more efficient and more automated.

At the height of the boom Pye's Lowestoft factory was employing 3,000 people, including part timers, to produce about 200,000 television sets a year.

The present labour force is 1,500 with production down to 110,000 sets a year.

Philips plans to make 700 people redundant early next year, but because of improved technology production will be increased to 150,000 sets a year by 1978. The operation will be integrated into the Philips Organisation, but the separate brand names of Ecko, Pye and Dynatron will be retained with their own marketing teams.

Mr. Herman Huyer, chairman and managing director of Philips, said the amalgamation would permit a more efficient use of the resources of the company.

Philips says it does not believe the 1967 agreement will be affected. It proposes to promote the Pye brand more vigorously than ever.

At present Pye does not export any colour sets. Monochrome sets will continue to be exported under the new arrangement, but they will all be marketed by Philips. Under the combined organisation Philips will have about 25 per cent. of the domestic colour market.

The takeover comes at a logical time for Philips. It coincides with the development of the new generation of sets for the U.K. with 110 degree tubes using a new 'in line' electron gun. This tube, the Mullard "20 AX," is claimed to give better definition and greater reliability but it has meant a completely new design of the sets.

## Making profit

Pye's Consumer Product division, producing radios and televisions, has been making a considerable loss for some time. The trading loss in 1975 was 2.2m. on a turnover of £42m., compared with a trading profit for the whole Pye group of £15.4m. on turnover of £235m.

In the first half of this year Consumer Product's loss was running at twice the level of the previous year. The Philips television division, which produces 232,000 sets a year, is said to be making a profit, though figures are never disclosed.

If Government approval is given to the deal Pye will be left with its more profitable operations in the professional electronics field, including telecommunications and broadcasting equipment. It will retain its identity as a listed company with a 60 per cent. Philips shareholding.

# Public inquiry into gas plan rejected

THERE WILL be no public inquiry into a controversial proposal to build two large liquid natural gas storage tanks at Dynevor Arms, near Aberdare, Glamorgan, it was announced yesterday by Mr. John Morris, the Secretary for Wales.

In a letter to mid-Glamorgan County Council, Mr. Morris said the local authority should take the decision on whether to give planning consent for the tanks.

The proposal to site the tanks at Dynevor Arms was taken nearly 12 months ago by Wales Gas, although the application was held up by demands from the Ramblers' Association, the Countryside Commission, and the Youth Hostel Association for a public inquiry.

# Standard Life improves policy surrender values

BY ERIC SHORT

STANDARD LIFE Assurance, the largest Scottish life company and one of the largest mutual life companies in the U.K., has improved the amounts payable on surrender in respect of its longer term with-profits policies.

The surrender value on a traditional life policy is the amount a company is prepared to pay an investor if he cashes-in before the term of the policy is completed. These surrender values are determined by the actuary of the company taking into account expenses, cost of death, cover, and investment conditions at the time of surrender.

Standard Life has reviewed the factors upon which the surrender of bonuses is calculated and revised them in the light of existing conditions. This has meant that for the longer term endowments and the whole life contracts—on which the policy money is paid on the death of the investor—values are increased in respect of the younger investor.

For example, the amount paid on a whole life policy taken out five years ago by an investor then aged 24 for £5,000 with profits is now £302, compared with £203 previously, the amount paid in premiums being £625.

Life companies tend to change surrender values at infrequent intervals to provide continuity and to avoid drastic falls, since many bank overdrafts are secured on the surrender value of a life contract. This move by Standard Life represents a complete overhaul of values to bring them in line with investment conditions.

DISCOUNT-RELATED REDUCTIONS OF MAXIMUM PRICES OF BREAD LOAVES

| Discount: Exceeding % | Discount: Not exceeding % | Supermarkets & grocers: 28-oz pence | Supermarkets & grocers: Not exceeding 14-oz pence | Master bakers: 28-oz pence | Master bakers: Not exceeding 14-oz pence |
|---|---|---|---|---|---|
| — | 17½ | 0 | 0 | 0 | 0 |
| 17½ | 20 | 0½ | 0 | 0 | 0 |
| 20 | 22½ | 1 | 0½ | 0 | 0 |
| 22½ | 25 | 2 | 1 | 0 | 0 |
| 25 | 27½ | 3 | 1½ | 1 | 0½ |
| 27½ | 30 | 4 | 2 | 2 | 1 |
| 30 | 32½ | 5 | 2½ | 3 | 1½ |
| 32½ | 35 | 6 | 3 | 4 | 2 |
| 35 | 37½ | 7 | 3½ | 5 | 2½ |
| 37½ | 40 | 8 | 4 | 6 | 3 |
| 40 | 42½ | 8½ | 4 | 7 | 3½ |
| 42½ | 45 | 9 | 4½ | 8 | 4 |
| 45 | 47½ | 9½ | 4½ | 9 | 4½ |
| 47½ | 50 | 10 | 5 | 10 | 5 |
| 50 | 55 | 11 | 5½ | 11 | 5½ |
| 55 | 60 | 12 | 6 | 12 | 6 |
| 60 | 65 | 13 | 6½ | 13 | 6½ |
| 65 | 70 | 14 | 7 | 14 | 7 |
| 70 | 75 | 15 | 7½ | 15 | 7½ |
| 75 | 80 | 16 | 8 | 16 | 8 |
| 80 | 85 | 17 | 8½ | 17 | 8½ |
| 85 | 90 | 18 | 9 | 18 | 9 |
| 90 | 95 | 19 | 9½ | 19 | 9½ |
| 95 | 100 | 20 | 10 | 20 | 10 |

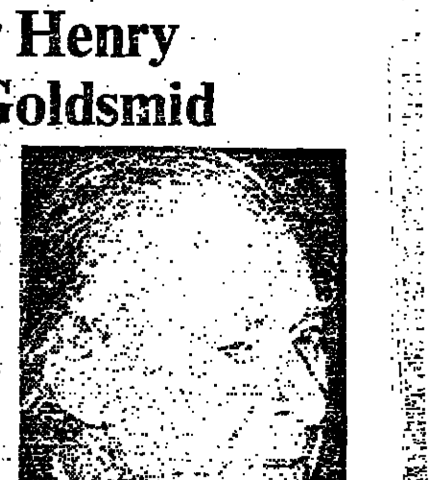
UNDER THE ORDER controlling maximum bread prices published yesterday different price limits will be set for master bakers and other shops selling bread. The master bakers will not have to cut their prices unless they buy bread at a discount of more than 22½ per cent. All other shops selling bread will have to start cutting prices if they buy at a discount of more than 17½ per cent.

The table shows that a supermarket buying at a discount of 22½ per cent., which until the new order comes into effect on January 4 is the biggest discount allowed, would have to cut the price of a standard loaf by 2p. A retailer who negotiated a discount of 50 per cent. would have to sell at 11p below the maximum price.

Even so retailers will be allowed to make a profit on bread even when buying at the highest discounts. The supermarkets are thus given some incentive to cut their prices. The likelihood is that the new order will result in a very tough bread price war.

OBITUARY

# Death of Sir Henry d'Avigdor-Goldsmid



SIR HENRY d'Avigdor-Goldsmid, who was chairman of several Parliamentary select committees in the early 1970s and Conservative MP for Walsall South from 1955-74, died on Saturday, aged 67.

Sir Henry, a banker and bullion broker, was chairman of Bank Leumi (U.K.) and, between 1969-71, of the Pergamon Press. He was appointed a member of the Horse Race Totalisator Board in 1973.

He was chairman of the Select Committee on Nationalised Industries between 1970-72; of the Select Committee on Corporation Tax in 1971; and of the Select Committee on Public Expenditure between 1972-74.

Sir Henry was married and had one daughter. The heir to the baronetcy is his brother, Maj.-Gen. James Arthur d'Avigdor-Goldsmid, who was Conservative MP for Lichfield and Tamworth between 1970 and 1974.

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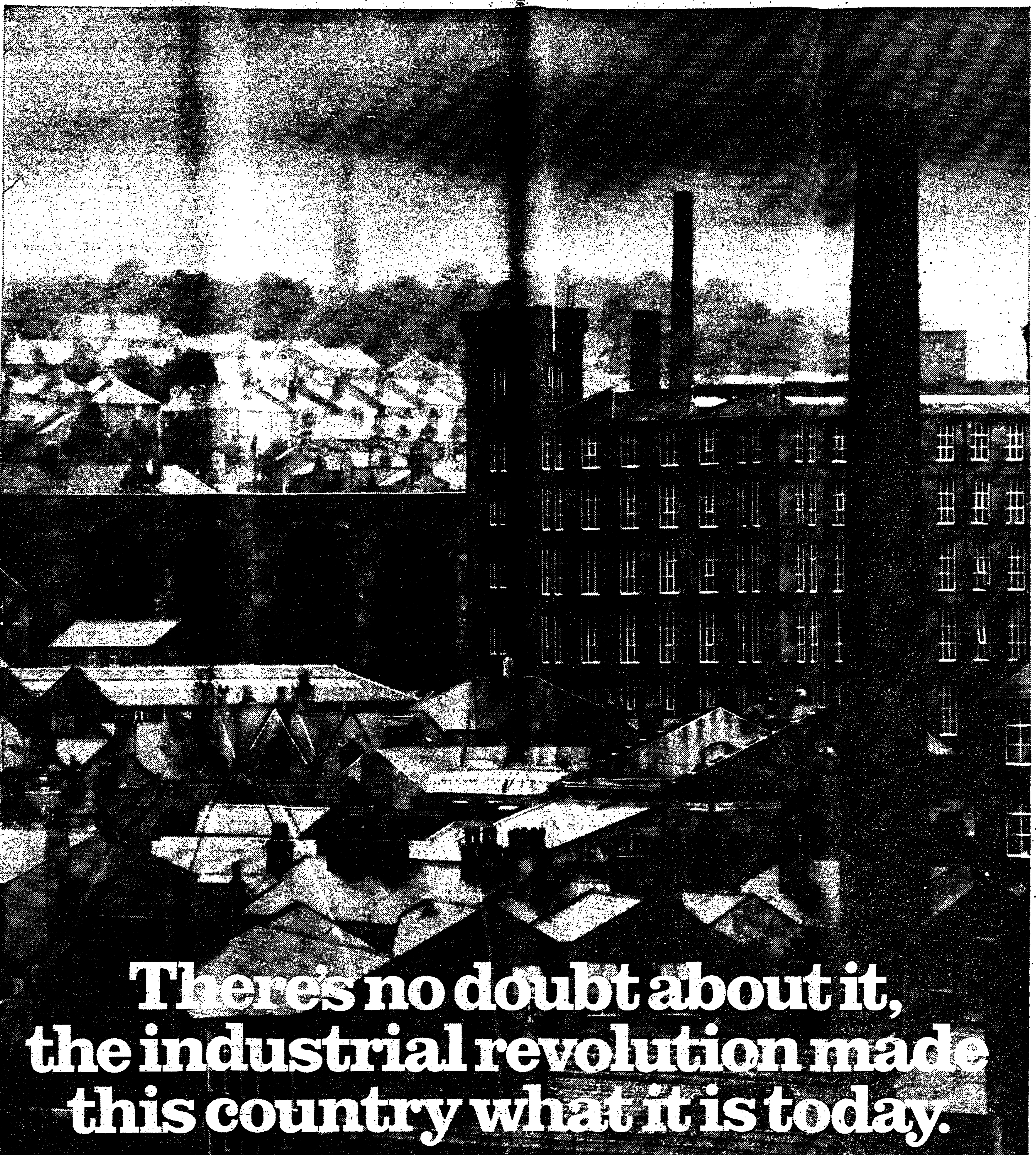


# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SECURITY

# Electronics paint a picture

THE Computer Aided Design Centre at Cambridge is currently undertaking a feasibility study for the Home Office to see how far CAD techniques can be used to replace the Identikit card cut-out system now in general use by police forces.

The CAD Centre's director indicates that this is not an R and D project but one of a number of attempts to make use of the CAD centre's advanced graphics display terminal system.

*In hardware*, this system is based on PRIME computer technology and a quite cheap colour video display unit: the aim being to create equipment which, in stand-alone versions, should sell for £25,000 or under.

Whether the system will eventually be used in such versions or whether it will be on-line with central computing facilities and distributed graphics terminals, is to be decided during the feasibility study.

The system has a number of interesting facilities. It is a colour half-tone graphics system with limited three dimensional capability and can be provided *with a line drawing facility*. It has many uses.

CADC seems to have done considerable work on visualisation techniques, enabling the system to reproduce accurately site pictures, plus designers' additions.

Much emphasis has been placed on viewpoint and perspective, and the unit can be so set that changes in the viewer's viewpoint are accurately represented and that the cone of vision remains as true as technological limitations allow.

Nevertheless, the unit gives a good indication of the dramatic change that has happened in colour graphics during the past couple of years, particularly in the areas of colour selection and matching. The displayed "paliette" can give a quite remarkable range of colour possibilities varying from one of 64 colours to one of up to 16m. colours and shades. This makes it possible to select a colour, mix for shade, and a further facility allows the resultant shade intensity to be varied according to the strength of the light source.

The occasion chosen by CADC to discuss this and other work was a nostalgic one for computer specialists: the closing down of its Atlas II. This was the last of the six Ferranti Atlas machines in service. It was one of the two paging versions built, and thus the last of the machines from which virtual technology is descended.

It is not being replaced. Instead the Centre's plans to run a network are now about *complete and operational*.

In future, CADC services will be available either through a number of large systems on the network, some at Government establishments and others at commercial bureaux (SIA and SCICON among them) or via minis.

Management has gone for turnkey business, and is offering complete graphics systems. Probably the most important one (certainly the one on which most work has been done) is Pipework Design Management System (PDMS) claimed to be well in advance of any other in the world, because it is the only one which will allow for complete detailing of complex pipework right out to assembly.

PDMS is being actively marketed in the U.S. A team from CADC is currently in Chicago demonstrating PDMS to large American companies, and it has already been taken up by the Lummus Corporation.

It has also been sold in Sweden, indeed most of the interest has so far seemingly come from abroad. In the U.K. the first sale is to George Wimpey. PDMS is primarily aimed at large companies, and though on sale outright at around £100,000, the CAD Centre prefers to license.

Calculations indicate that a company with a £25m. turnover could obtain immediate and direct savings of a quarter of a million a year. There are about 600 companies worldwide involved in plant layout, pipe routing and pipework design whose draughting teams are in this league.

PDMS is a joint development by the Centre, Isopipe, of Nottingham, and Akzo Engineering bv, of Arnhem, Holland.

## MATERIALS

# Polarised paint for displays

COLOURED SYMBOLS, characters and mimic diagrams on instrument front panels and fascias, which are visible only *when rear-illuminated*, are available from RH Nameplates, Easton Lane, Winchester, Hants. (0962 61707).

The secret lies in a polarising dye developed by the company. The dye is mixed in a black paint and when used on the instrument panels the paint absorbs incident light but transmits light from the rear.

Briefly, the process consists of taking the transparent panel, which can be of acrylic, pvc, polycarbonate, or glass, masking out where symbols are to appear, and spraying matt black. The symbol mask is placed in the appropriate openings and sprayed with the polarising paint, followed by printing the symbol with a translucent colour—a wide range of coloured inks has also been developed.

Viewed from in front, the whole panel appears black until the symbols are illuminated from the rear. The process can be applied to either side of the panel, and can be laminated or lacquered for protection. The panel can be laminated to an aluminium sub-strate if extra strength is required.

Called Sublite, the panels can be produced in sizes up to 18 x 24 inches and in thickness from 0.01 to 0.5 in. They can be flat, curved, moulded or combined with anodised aluminium and machined in intricate shapes to suit most requirements.

Suggested applications include warning signs or instructions for a wide range of control consoles and instrument panels. One of the first major U.K. users is EMI, which is using the panels on the control console of the Emiscan brain scanner.

RH Nameplates is developing other applications for the polarising paint, such as faceplates for CRT displays, and the company is interested in discussing overseas licensing of the process. Although "secret" signs are not new, the company says that compared with the laminated type developed in the U.S. and used for road signs in this country, the cost of an equivalent Sublite sign is about 50 per cent. less.

# Resin for boards and multilayers

PARTICULARLY suitable for laminates and pre-impregnation of high-quality multilayer printed circuits is a resin called Triazine A, put on the market by Bayer. Cured by heat, it has a single component.

A number of advantages are claimed over epoxy resins as a laminating material in the manufacture of base materials for PCBs. For example, lower thermal expansion perpendicular to the fabric layers is experienced above 100 deg. C and dimensional stability is better, as are the drilling properties.

Adhesion of the conductors is claimed to be just as good at solder bath temperature as at *room temperature and the solder* bath behaviour above 300 deg. C is described as excellent.

Other points in favour of the material are its low relative permittivity, low dissipation factor and small variation of the electrical properties with temperature. The material is also available in a flame-retardant grade. Bayer U.K. is at Richmond, Surrey TW9 1SJ (01-940 6077).

## METALWORKING

# Eliminating the T-joint problem

PIPE BRANCHING always causes a problem, because it is expensive, labour intensive and time consuming. Usually it involves cutting the pipe and inserting a separate T-part, or cutting a hole and welding in a pipe with the torch having to follow a complicated curve.

In Finland, a method of putting branches into copper and steel pipes has been developed which eliminates all the usual problems. In outline, the method consists of drilling a hole, then the specially shaped toe head continues into the hole to raise a collar. A simple butt weld joins the branch pipe to the collar.

In stainless steel an intermediate operation is required—a rotating file (driven by the tool head) makes the hole elliptical so that when the collar is raised the edge remains level.

There is a hand-held version for copper pipes to produce collars from 12 to 54mm diameter, in 30 to 60 seconds per collar. For series production, there is a stand mounted unit which can cut the collar making time for small sizes down to two seconds. Heavy duty branching is carried out on the largest machine which will produce collars from 50 to 168mm diameter—for these sizes the working time is 4 to 12 collars per hour.

Copper, steel, brass, aluminium or stainless steel pipes can be machined—some may require heating until soft before collaring. Steel pipes with walls up to 2mm and cold-forming metals up to 3mm maximum wall thickness can be branched by this technique.

The machines are built by Larikka Oy in Finland and marketed in the U.K. by Wilcomatic, 512 Purley Way, Croydon, Surrey CR9 4LR (01-681 1221).

## IRON AND STEEL

# Control of big blast furnace

CAP (Computer Analysts and Programmers) has been retained by Davy Ashmore International to assist with the production of process control software for the new 10,000 tonnes/day blast furnace currently being constructed for *the British Steel Corporation's* Redcar development project.

Davy Ashmore International is responsible for the systems engineering and software development for the hot stove computer control system with BSC supplying the computer.

The hot blast for the furnace will be heated by a four stove installation which will automatically be controlled during the heat-up, changeover and on-blast phases. The system will operate both in staggered parallel and cyclic modes using a model developed by the Dutch steel company Hoogovens at Ijmuiden and licensed to Davy Ashmore International. It is being implemented on a digital PDP 11/40.

More from CAP on 01-242 0021.

# Recycles mill water

ELKEM-SPIGERVERKET has commissioned a Magnadisc filter plant for the treatment of waste water from the blooming and wire-rod mills at its steelworks *in Oslo*. ASEA *supplied* the greater part of this plant, which is the largest of its kind so far. It was installed to reduce pollutant discharge into the Aker River which flows through Oslo.

The heart of Magnadisc, developed by ASEA, is a magnetic disc filter built up of thin, circular discs incorporating a large number of permanent magnets.

The waste water containing mill scale from the rolling mills first passes through a coarse settling tank with scrapers and oil separators. These reduce the content of suspended matter *from about 2 kg to 100-200 g* per cubic metre of water. The water is then transferred to a flocculation tank, where magnetic and non-magnetic particles are bound together with the aid of a flocculant additive.

Finally, when the waste water at up to 675 cubic metres per hour passes through the filters, most of the remaining particles adhere to the 45 counter-rotating magnetic discs and the residual concentration of solid particles is only about 30 g per cubic metre of water. This high cleaning efficiency means that the treated water can be recycled and used again in the rolling mills.

A largely similar plant with 20 magnetic discs is in operation at the Bromford Iron and Steel Company, West Bromwich. This latter installation *was supplied* by ASEA, Villiers House, 41, Strand, London, W.C.2. 01-930 5411.

# Cleaning up steel plant gases

HEAD WRIGHTSON Process Engineering has commissioned the gas cooling section of an IRSID/CAFL *suppressed combustion* gas handling system which forms part of an £8m. heat recovery and anti-pollution development scheme being carried out by the Republic Steel Corporation of Cleveland, Ohio, U.S.

This contract was awarded to Head Wrightson on a design and procurement agency basis by American Air Filter of Louisville, Kentucky. Republic Steel is engaged in extensive modifications to its steel plant in order to meet new pollution control legislation. The IRSID/CAFL system, which is under licence to Head Wrightson Process Engineering in the U.K. and the Commonwealth, has been successfully employed in the USSR, Europe and Japan.

As agent for American Air Filter, Head Wrightson was also responsible for the procurement and inspection of the tubular gas cooling equipment from Hanxi Lardet, France, which was able to offer the early delivery required by Republic Steel.

Similar plants commissioned by Head Wrightson using the IRSID/CAFL system include the Llanwern Works of the British Steel Corporation and another Continental installation at Sacilor, France. *Head Wrightson* is in process of erecting an IRSID/CAFL gas handling system at the Bokaro steelworks in Bihar, India.

Further details from the company at Yarm, Cleveland, TS15 9DA. (0642) 781010.

# Kent's work on large projects

IN THE first seven months of 1976, new business worth over £600,000 was placed by contractors to the steel and other metal industries, with Kent Instruments, of Luton, main process control member of the George Kent Group. More than half is for overseas installations.

The largest contract is for the Posco sinter plant and lime kilns in the Republic of Korea, and is a direct result of the association between the George Kent Group and Brown Boveri. Other overseas contracts were placed by Macedonia Steel for a soaking pit project in Skopje, Yugoslavia; by Empresa Minera del Peru through British Smelter Construction for the Cerro Verde copper processing plant in Peru; and through Stein, Atkinson, Stordy for a roller hearth furnace in Rautaruukki, Finland.

The Skopje project includes the first application of miniature electronic instrumentation to soaking pits. Existing pits at the Skopje steelworks are already instrumented by Kent.

Most of the U.K. business is with contractors to the British Steel Corporation.

This includes two contracts placed by Distington Engineering Company and Ruthner I and A of Vienna (via Kubach and Sambrook) respectively, for Kent instrumentation in two areas of British Steel's *stainless* steel development project in Tinsley Park, Sheffield.

Distington is concerned with the project known as SMACC (Stainless Melting And Continuous Casting) in which stainless steel is continuously cast into large slabs and then ground, before being rolled into strip. For this application Kent Instruments has supplied Flexel, Transdata and Commander instrumentation, Vortex flowmeters, Orifice 'Carriers' and computing Minicards.

The contract from Ruthner I and A, which is dealing with the Stainless Plate And *Coil* Expansion (SPACE) project, is for Deltapi "E" and Flexel instruments, computing Minicards and various control panels. Kent Instruments, Biscot Road, Luton, Beds., LU3 1AL. 0582 21151.



## DATA LINKS

# Broadband amplifier

INTENDED for boosting the output of a number of the company's radio equipments is the Redifon HFA 125, a 100 watt solid state broad band linear amplifier.

It gives continuous operation on both voice and continuous wave and uses neither liquid coolants nor fans. Light in weight and sealed, the amplifier achieves full output from a 24 volt supply over the frequency range 1.5 to 30 MHz.

Applicable to mobile and fixed station roles the unit has no tuning or loading controls to adjust and is particularly suited to applications in which rapid frequency changes have to be made. Having no thermal devices to warm up, the amplifier is ready for operation as soon as it is switched on. More from Redifon Telecommunications, Broomhill Road, Wandsworth, London SW18 4JQ (01-874 7281).

# Network up with no IBM links

IBM'S CENTRE at Pisa is now in the curious position of having developed an Italian computer network which is shortly to be linked into the European Informatics Network—but without being able to join, itself, in the final aggregated network.

The Italian experimental network is called REEL. Five scientific institutions in Italy plus the Pisa centre of IBM have a working network using IBM computers which is not controlled from any particular computer centre. This principle is known to computing network designers as a "mesh topology" which is useful for the kinds of resource-sharing needed by scientific institutions.

REEL experiments have studied the best way of organising the main functions of such a network which are the immediate switching functions; the logical management of messages so that a bridge is built between the switching function and the function of doing the applications work needed by the user of the net.

Because of the non-commercial status needed by participants in the European Informatics Network (EIN) it is not possible for IBM's group at Pisa to link into EIN, although all the other partners in the REEL project will do so.

## BANKING

# Cash at the touch of a key

THE CASHLESS society (the *phrase might easily be misconstrued at the moment by cynics*) is not entirely established, and while banknotes continue to be necessary so will better means of dispensing them automatically to the public at banks.

Burroughs, IBM and NCR have already put in a number of equipments for the U.K. banks and now Chubb Integrated systems has announced it is to engineer pilot schemes for Midland and Clydesdale.

Midland is taking ten of the MD6220 in-branch CounterTeller machines and installation will start soon at branches in Derby, Coventry, *Birmingham*, Ilford and London. The public should be able to start using the machines in May.

The terminals will be linked on-line to the bank's Burroughs B6700 mainframes at Bootle and Brent and will function in real-time transaction capture modes to influence customer's accounts directly and immediately. The terminals can deal with cash withdrawals, account balance inquiry, statement and cashbook requests during normal banking hours.

A simple 14-key keyboard is used to select services and to *enter the amount of cash required*. Notes are dispensed loose in two denominations so that the customer can select exactly what he needs. It is anticipated that the terminals will alleviate some of the delay during busy peak periods when queues tend to form at the cashiers' windows.

Service over the whole 24 *hours is provided by the MD6210*, five of which are to be installed at Clydesdale branches in Glasgow, East Kilbride, Falkirk and Kilmarnock.

This "through the wall" Mini-Teller uses the same wall aperture and safe as the company's earlier MD2 and MD4 dispensers.

Each will be linked to the bank's NCR computer and will function in a store and forward mode: individual transactions will be carried out under the control of a CAI 16-bit minicomputer and disc file with the mainframe computer polling the peripheral at intervals (depending upon how much business is *being done) to update and transfer data*.

Installation has already started at the Clydesdale branches and it is expected that the units will open in April after staff tests.

MD6000 series has been designed so that the ideal mix of hardware and software can be selected for any situation. Automatic selection of software at loading time means that a single software master will drive a number of different arrangements within one bank network. Interfacing with a wide range of main computers is possible. Chubb is at Porters Wood, St. *Albans, Herts AL3 6PD* (St. Albans 67251).

## INSTRUMENTS

# Recorder is automatic

PHILIPS Ana-log 714 instrumentation recorder introduced by Pye Unicam combines simple operation with precision recording for many applications.

The recorder has a high degree of built-in automation and a recording cartridge system to simplify the operator's task.

Modular construction of the 714 and the range of optional units available give the recorder versatility and allow it to be adapted to meet many different requirements. Up to 14 simultaneous recording channels are possible, and available tape speeds from 15/16 to 60 in/s allow continuous recording for over 24 hours.

The cartridge protects tapes from dust and damage and makes them very easy to label and file. Cartridges are simply pushed into the recorder, and tape threading is automatic.

Balanced FM inputs eliminate stray voltages and simplify setting-up of the recorder. The third generation Ferroxcube heads have very small gaps, giving an excellent frequency response maintained over a long service life.

Pye Unicam, York Street, Cambridge. (0223 58866.)

# Generator for beacons

A SWEPT, pulsed radio frequency generator MAL 1083 has been developed by Microwave Associates of Dunstable for radar beacon applications.

Voltage controlled, the output frequency sweeps across the radar band in about two minutes and returns in less than a second. Sweep range is from under 9.315 to over 9.485 GHz under all conditions of temperature and voltage. Linearity is such that it takes 6±1 seconds to cross any 10 MHz band.

The signal is pulsed by 2.5 microsecond pulses as part of a self-test function and by 20 microsecond pulses when interrogated by radar. Pulse rise time is 100 ns, fall time 200 ns.

Spurious outputs are better than −60 dB with respect to carrier, and the unit can operate over a temperature range of −20 to +55 deg. C. More from 0582 601441.

## LABOUR NEWS

# Leaders of public sector unions call talks on cuts

BY DAVID CHURCHILL, LABOUR STAFF

[LE]ADERS OF more than 2.5m. [pu]blic sector workers yesterday [agr]eed to continue their united [op]position to existing public [ex]penditure cuts and to any [o]ther cuts imposed by the [Ch]ancellor to-morrow.

They decided to call a national [con]ference in March to publicly [dis]cuss ways of preventing [red]uctions in the social wage, [as] well as launching early next [mo]nth a new co-ordinated pub[lic]ity campaign to draw the [pu]blic's attention to the effect [of] expenditure cuts on their [per]sonal lives.

Yesterday's meeting was [cal]led to ensure that the organ[isa]tion developed for last [mo]nth's well-supported mass [ral]ly against the cuts was not [los]t.

### [T]oken strikes

The steering committee set up [to] organise the rally will con[tin]ue to meet at least once a [mo]nth and will act as a clearing [hou]se for information on the [ex]penditure cuts collected by [par]ticipating unions.

One of the main problems [ide]ntified at yesterday's meeting [wa]s that information on cuts at [loc]al level was not made available to other unions and to national officials in time to launch a co-ordinated campaign on specific issues.

The steering committee will therefore co-ordinate local industrial action against particular cuts as well as improve the flow of information.

### Extra staff

The action could take the form of overtime bans and one-day token strikes with a mass rally of strikers.

After yesterday's meeting, Mr. Alan Fisher, general secretary of the Nation Union of Public Employees, denied that the union leaders were trying to create a "public sector TUC."

He claimed that the joint action so far taken by the unions at national level had persuaded the Chancellor to reduce the extent of any further cuts in to-morrow's Budget.

The meeting was also attended by senior officials from the National and Local Government Officers' Association and the Civil and Public Services Association, the largest unions in local Government and the civil service.

# Courtaulds may reprieve Furzebrook knitting mill

BY ALAN PIKE, LABOUR STAFF

A DECISION is possible to-morrow on whether Courtaulds is prepared to reprive its loss-making Furzebrook knitting mill, on Merseyside, which is scheduled to close next month with the loss of nearly 600 jobs.

Furzebrook is seen as the plant with the best chance of surviving the programme of closures, affecting eight locations and some 4,300 jobs, announced by Courtaulds in October. The nal outcome will depend upon interviews which the company has conducted with employees during the past week.

Workers have been given the options of pledging their co-operation for measures designed to increase production, moving to another part of the Amtree complex on which Furzebrook is situated, or accepting redundancy.

The final interviews were completed yesterday and are now being processed by the company.

Any prospect of work continuing at Furzebrook after January 29, the proposed closure date, depends upon the number of employees willing to co-operate with new productivity measures.

### Varley quizzed

A ballot of employees rejected detailed proposals from the company last month, with union officials concerned that a company demand for an ongoing commitment to productivity and flexibility was too vague and likely to hamper future bargaining.

Demands for a public inquiry into the proposed Courtaulds factory closures, which will cause the loss of jobs in areas already suffering high unemployment, were revived in the Commons during questions to Mr. Eric Varley, Secretary for Industry, yesterday.

Mr. Varley told the House that he and Mr. Albert Booth, Employment Secretary, were still having discussions with the company and unions "including a possible basis for an inquiry," and said that he understood that the company had asked to meet the trade union committee which is co-ordinating activity at Courtaulds.

### Good development

If an inquiry were set up, its terms of reference should include all relevant factors.

The Industry Secretary repeated that he was disturbed about the closures, saying it was part of the Government's regional policy to encourage expansion in areas of higher unemployment. Further discussions between the company and unions were "a good development."

An inquiry into the proposed closures has been demanded repeatedly by trade unions since the company announced its plans in October.

However, apart from Furzebrook and the Castle Works at Flint, there are no firm moves in progress which suggest that the closure programme might be substantially altered.

Courtaulds agreed last week to reconsider a suggestion by Mr Jack Jones, general secretary of the Transport and General Workers' Union, that the proposed closure of Castle Works early next year should be postponed.

Most of the Flint rayon mill's 1,500 workers will lose their jobs and union officials say this will raise the unemployment rate in Flint to 30 per cent.

### Inevitable step

Any postponement would, they hope, improve the chances of redundant employees finding alternative work.

Workers have no accepted as inevitable what is probably the most contraversial of the Courtaulds decisions, to close the modern Skelmersdale weaving plant in Lancashire with the loss of 1,000 jobs.

The first redundancies will take place this week prior to closure next month and union officials are now concentrating their efforts on a campaign to find a buyer for the plant.

Skelmersdale, which is still suffering the effects of the Thorn Electrical closure earlier this year, also has a severe unemployment problem.

It is calculated that the unemployment rate will rise to 25 per cent in the New Year when the Courtaulds plant closes.

Consultations with employees are still taking place at the other locations affected by the closure and reorganisation programme—Sunnybrook Mill, Rochdale; the Wolsey factory, Grantham; Gleneden Textiles, Carlisle; and the hosiery factories at Dowlais and Carnamoney. These employ a total of about 900 workers and there is little sign that many of these jobs will be saved

# Dunford workers against takeover

By Our Labour Staff

UNION OFFICIALS representing more than 6,000 workers at Dunford and Elliott yesterday described a £3.72m. take-over, bid by the Johnson and Firth Brown Group as "buccaneering" and said that 2,000 jobs could be at risk if it were successful.

The joint shop stewards committees have made a statement emphasising their opposition to the bid. If successful, it would result in rationalisation which would mean job losses in the group, they claim.

Three years of development was now howing positive results and the work force had full confidence in the group's future. The Unions' record of industrial relations with the company was second to none and if the take-over was successful these relations would be jeopardised.

Any attempts to make redundancies would be fought with all the strength of the trade union movement.

The Sheffield-based Dunford and Elliott group is Britain's biggest private sector alloy steel maker, and since the bid the Dunford shop stewards have remained silent, preferring "to keep our powder dry."

Mr. George Turner, secretary of the group shop stewards committee, said: "There have been changes in management for the better and we are making record profits in the forging and engineering group.

### 'Buccaneering'

"This offer is nothing less than industrial buccaneering by the Firth Brown Board. They are cashing in on confidential information, but we are on the offensive now."

Mr Bob Fields, chairman of Brown Bayleys Steels shop stewards committee, which is part of the Dunford group, said: "Firth Browns are looking round for ready-made plant We have a management who have poured money into Brown Bayleys and it is paying off now. It could mean anything up to 2,000 jobs at risk if the offer is successful."

Mr. Turner disclosed that a loan from the National Enterprise Board was still available. "As soon as Firth Browns made a bid the loan was withdrawn because the Board told us they cannot gamble with taxpayers' money on the Stock Exchange. They told us to get Firth Browns off our back. Their offer is still available once we get Firth Browns out of the way."

# Leyland lay-offs total 10,000

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

[LA]Y-OFFS AT Leyland Cars [wh]o reached almost 10,000 as a [res]ult of disputes.

The troubles at Rubery Owen, [the] West Midland's component [su]pplier, where 80 electricians [are] staging a sit-in, escalated [ye]sterday after wire put across [tw]o terminals on a piece of [we]lding equipment caused a [fla]sh of sparks when the [op]erator switched on the power, [acc]ording to Mr. Vic Lanfear, [th]e deputy managing director.

An internal inquiry had failed [to] produce sufficient evidence to [...]d, [...]portion blame, Mr. Lanfear [said].

The electricians, who are [de]manding payment for time lost [du]ring an unofficial strike by [ma]intenance men, have already [ha]lted the production line which [su]pplies subframes for the Mini.

As a result, about 3,000 Ley[lan]d workers at Longbridge and [50]0 at Castle Bromwich, have been laid off. Another 700 employees are still idle from the earlier strike by maintenance men.

The number sent home from the two Jaguar factories at Coventry rose to 4,000 yesterday. The dispute centres on a tool-setter who is accused of setting his machine to run too quickly.

### Threatened

Assembly of the Jaguar has been halted and the 2,000 workers carrying out finishing processes will be threatened with lay offs unless an early solution is found.

Production of the Sherpa van at Common Lane, Birmingham, has been stopped by the strike of 1,000 workers who walked out in support of 180 press shop operators disciplined for low output. Another 200 employees were laid off yesterday.

# Pub managers reject pay offer

A 12 PER CENT. increase in basic pay for public house managers in Scotland to compensate them for working an extra hour each night has been rejected by the National Association of Licensd House Managers.

The pay deal, offered by the Brewers Association of Scotland, has been approved by the Department of Employment as being allowable outside the pay policy guidelines because of it involves new work. It follows the long-awaited liberalisation of Scotland's licensing hours.

From last night about 7,000 hotels and pubs could remain open until 11 p.m. instead of 10 p.m.

The Association rejected the pay proposal on the grounds that it did not take account of the "anti-social" hours involved and that there had been an erosion of differentials between managers and bar staff (a separate agreement on behalf of bar staff had been concluded between the Scottish brewers and the Transport and General Wokers Union.

Only about 1,300 of Scotland's 4,000 pubs are affected. The rest are privately owned.

The brewers have "expressed a wish that the majority of our managers will open the extra hours because we feel most of the free trade will open for the extra time."

The Association representatives in Scotland will have exploratory talks with the Advisory, Conciliation and Arbitration Service in Glasgow to-day to see if a prompt solution can be found.

Much depends on what happens in the licensed outlets this week. The indications last night were that many privately owned pubs would remain open until about 10.30 p.m for the first four nights of the week and 11 p.m. on Friday and Saturday.

Mr. Harry Ewing, Scottish Under-Secretary, has appealed to drinkers to exercise care and moderation. The longer drinking hours should not be made an excuse for over-indulgence.

### Carstairs talks

TALKS aimed at achieving a return to normal work at Carstairs State Hospital, Lanarkshire, where three men died in an incident two weeks ago, made "substantial progress" yesterday.

## APPOINTMENTS

# Senior Board post at Thos. W. Ward

Mr. J. Peter Frost, an assistant managing director of THOS. W. WARD, has been appointed a managing director. He is also chairman of the Skipper Group of Thos. W. Ward.

★

Mr. J. Collins has been appointed to the Board of Covrad and continues as general manager (manufacturing) of the company's heat transfer division. Mr. R. Ashby-Johnson has been made sales director of Wellworthy in succession to Mr A. R. Martin, who is to retire. The companies are members of the ASSOCIATED ENGINEERING GROUP.

★

The ENGLISH SPEAKING UNION has elected to its Board Dame Mary Green as deputy chairman; Mr. F. E. Bleasdale, as honorary treasurer; Mr. A. H. A. Dibbs, Dr. A. C. Copisarow, Mr. H. G. Cressman, Miss Rosemary Murray, Sir Ralph Perring and Mr. Colin Shaw as Governors and to its National Committee, Sir John Rennie and Mr. Leonard Smith as members.

★

Mr. David Mitchell, Principal of Blackpool College of Technology and Art since 1967, has been appointed director of the FOOD DRINK AND TOBACCO INDUSTRY TRAINING BOARD from March next year. In the meantime, he will spend at least one day a week with the Board.

★

Mr. R. Jesel is to become managing director of the dyestuffs and chemicals division of CIBA-GEIGY (ADP) COMPANY on January 1, succeeding Mr. W. G. B. Grant, who retires at the end of this year. Mr. Jesel was formerly vice-president of the dyestuffs and chemicals division of Ciba-Geigy Canada.

★

Sir George Leitch has been appointed chairman of the Advisory Committee on Trunk Road Assessment at the DEPARTMENT OF TRANSPORT. Sir George has been chairman of Short Bros. and Harland since July this year.

★

Mr. Terry Harris is to join the Board of RCF HOLDINGS from January 1. He will also become managing director of RCF Tools on that date and Mr. M. D. Moore will be managing director of Rabone Chesterman. Mr. John Godfrey and Mr. Norman Sykes, while retaining their executive appointments within the holding company, are to relinquish their joint managing directorships of RCF Tools and Rabone Chesterman.

★

Mr. Barry T. Linsley has been elected an executive director of LONDON MULTINATIONAL BANK. He is responsible for the money market and foreign exchange.

★

Mr. Gordon Thompson has been appointed managing director of HENRY SYKES. Mr. John Farmer and Mr. Reginald Green have become the executive directors responsible for overseas and U.K. operations respectively. Mr. Peter Madge has joined the company as financial director.

★

Mr. Robert Fawcett has been appointed a director of ANDREW WEIR AND CO. and of UNITED BALTIC CORPORATION from January 1.

★

Sir Campbell Adamson has been appointed a non-executive director of REVERTEX CHEMICALS.

★

Mr. D. E. Meekins, a director of Grindlay Brandts, has been appointed a non-executive director of CRAY ELECTRONICS.

★

Mr. D. G. M. Boyd has been appointed to the Board of GAS AND OIL ACREAGE and continues as general manager.

★

Mr. J. M. Young has been appointed to the Board of GRAYSTON, a member of the British Electric Traction Group.

★

Mr. A. M. Carr has been appointed to the Board of BOOTH CONCRETE PRODUCTS (a subsidiary of Alfred Booth and Co) from January 1.

★

Mr. J. F. Carnegie will retire from the Board of BROWNLEE AND CO on December 31. Mr. J. M. Smith joins the Board on January 1.

★

Mr. W. A. Plummer has been appointed a director of BACHE HALSEY STUART (LONDON).

★

Mr. D. L. Bartlett, executive director of Transmark, British Rail's consultancy subsidiary, has been appointed first director-general of the BRITISH RAILWAY INDUSTRY EXPORT GROUP from January 1.

★

Mr. J. E. Sunderland has been appointed a director of UAC INTERNATIONAL. Mr. Sunderland will retain full responsibility for UAC Motors Division as chairman but is to relinquish his position as managing director. He will shortly assume responsibility for Unamec Division. Mr. W. J. C. Ford, managing director of Ford and Slater and Armstrong-Massey, will be appointed to succeed Mr. Sunderland as managing director of UAC Motors Division early next year.

★

Mr. Dick Lomas, distribution services manager of the Smiths Division of SMITHS FOOD GROUP, has been made distribution director.

★

Mrs. T. Stewart, of Birmingham, has been appointed a part-time member of the MIDLANDS ELECTRICITY BOARD.

★

From January 1, Mr. D. A. Warne is relinquishing his position as managing director of BRITISH MANUFACTURE AND RESEARCH COMPANY. His new appointments are managing director of ADRIA and chairman of VIKING MANUFACTURING COMPANY, both located in Northern Ireland.

# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

NEDO SURVEY SHOWS SCOPE FOR IMPROVING CONSTRUCTION INDUSTRY

# Site performances in Britain lag behind Europe and U.S.

BY KEVIN DONE, INDUSTRIAL STAFF

THE SITE performance of the engineering construction industry is consistently worse than that of competitors in other European countries and in the U.S., according to a report by the National Economic Development Office which will be published next month.

After nearly two years of research, a working party set up by the Economic Development Committee (Little Neddy) for Mechanical and Electrical Engineering Construction concludes that:—

- Productivity is higher abroad
- Construction times abroad are shorter
- Total project times are shorter abroad and there are fewer delays
- When delays occur on foreign sites they are often retrievable
- Manning levels are lower on foreign sites
- On all sites, in the U.K., the U.S. and on the Continent, there is great scope for increasing the effective use of time.

The working party consisted of representatives of clients, contractors and trade unions.

The main clients for the industry—power, oil, chemicals and steel—have large capital investment programmes of more than £3.5bn. this year.

They have made repeated attacks in recent years on the consistently poor performance of U.K. site construction, and many of these are borne out by the "disturbing" findings of the NEDO study.

The report is based on detailed study of comparisons of 18 large construction projects, seven in the U.K., four in the U.S. and seven on the Continent. Case studies included ethylene plants, distillers, refineries, methanol plants and power stations. The report deals with plants being built now to compare levels of activity.

Under the heading "Principal findings" it says: "With very few exceptions the U.K. projects took longer both on total project time (from project definition to completion of construction) and on construction time on site (from the start of civil engineering) than comparable projects abroad.

"There emerged another discrepancy between the U.K. and the foreign projects which was even greater than the discrepancy on project times and construction times. Not only did the U.K. projects take longer in terms of elapsed years and months, but they also absorbed more man-hours on site. The difference in manhours was proportionately greater than the difference in elapsed time because of the larger numbers employed on the U.K. sites.

"The finding that many more man-hours had been used on the U.K. projects than on similar foreign ones was corroborated by the studies of sites currently under construction.

"From the activity-sampling surveys it is clear that under normal working conditions a greater proportion of the hours available each day is taken up by tea-breaks and walking time on the U.K. sites than overseas. Also less of the working day is spent on construction work than on similar sites overseas.

"On the other hand the percentage of the labour forces' time spent on construction work as opposed to other activities on both U.K. and foreign sites was surprisingly low, and suggests that there is considerable scope for improvement through better organisation of work.

"Longer project times, long construction times, more man-hours expended on site—these are the symptoms of the U.K. engineering construction industry's problem."

*Engineering Construction Performance; Neddy Books, 1, Steel House, 11, Tothill Street, London SW1 9LJ; £1.60 (plus 27p postage).*

## Case studies: Measures of project and construction performance

| Projects | Over-run on standard project time, % | Actual project time, months | Actual construction time, months | Average construction productivity, index | Piecework productivity, index | Peak number of men on site |
|---|---|---|---|---|---|---|
| **Ethylene units** | | | | | | |
| U.K. | 68 | 51 | 41 | 43 | 31-92 | 2,440 |
| France | 14 | 33 | 24 | 88 | 100 | 1,180 |
| U.S. | 9 | 29 | 24 | 100 | n.a. | 900 |
| **Distillers** | | | | | | |
| U.K. | 41 | 48 | 39 | 54 | 42 | 810 |
| Holland | 13 | 27 | 22 | 100 | 100 | 760 |
| U.S. | 32 | 37 | 28 | 74 | 63 | 670 |
| **Refineries** | | | | | | |
| U.K. 1 | 23 | 32 | 27 | 62 | n.a. | 2,000 |
| U.K. 2 | 9 | 37 | 23 | 82 | n.a. | 1,850 |
| Holland | 0 | 25 | 20 | 100 | n.a. | 1,500 |
| **Methanol plants** | | | | | | |
| U.K. | 0 | 28 | 21 | 74 | 58 | 490 |
| Holland | 0 | 28 | 23 | 100 | 100 | 250 |
| France | 0 | 24 | 15 | 45 | 46 | 340 |
| **Power stations** | | | | | | |
| U.K. 1 | 64 | 87 | 69 | 29 | n.a. | 2,200* |
| U.K. 2 | 18 | 73 | 59 | 40 | 31 | 2,050* |
| Italy | 9 | 50 | 34 | 45 | n.a. | 1,300* |
| Germany | 8 | 41 | 34 | 45 | n.a. | 1,700* |
| U.S. 1 | 0 | 50 | 34 | 67 | 100 | 700 |
| U.S. 2 | 19 | 32 | 31 | 100 | 87 | 720* |

Figures marked * refer to total numbers on site not just those on the unit studied. In these cases they do not provide a measure of performance but they do indicate the overall scale of the site. n.a. Not available.

Ashley Ashwood

Presenting the NEDO report yesterday, Mr. Jim Mortimer (right), chairman of the working party and chairman of the Advisory, Conciliation and Arbitration Service, and Mr. Charles Lovell, general secretary of the Electrical and Plumbing Trades Union (Plumbing Section), one of the main unions involved.

# Trouble of finding contractors for fixed-price schemes

ON PRE-CONSTRUCTION the report found that clients in the U.K. who wanted to let a fixed-price contract for construction, or design and construction, had difficulty in finding contractors who would undertake them. Fixed-price contracts were more frequently employed abroad.

"Planning was clearly less effective on the U.K. projects, judging by the results. Not only were project and construction times longer, but over-run on planned times was greater on the U.K. projects, and management did not demonstrate the capacity of the foreign project managements to make good lost time once a delay had been incurred.

"There was no indication, however, that less effort or sophistication was put into planning on the U.K. projects—if anything, the reverse might be true.

"The case studies did not give evidence of more design changes by the client, or more field modifications, on the U.K. projects. But design changes, when they were made on the foreign projects, seemed to have a less severe effect on the project programme.

"The phase of the project which has been termed 'procurement,' but which should be taken to include the associated functions of ordering, expediting and inspecting, was one where problems encountered on the U.K. projects were no more severe than on the foreign ones."

## Percentage of man-hours lost through disputes and absenteeism

| | Disputes U.K. | Disputes Europe | Disputes U.S. | Absenteeism U.K. | Absenteeism Europe | Absenteeism U.S. |
|---|---|---|---|---|---|---|
| **Ethylene units** | | | | | | |
| U.K. | 6 | | | 15 | | |
| France | | 1 | | | n.a. | |
| U.S. | | | 3 | | | 5 |
| **Distillers** | | | | | | |
| U.K. | 4 | | | 8 | | |
| Holland | | 0 | | | 8 | |
| U.S. | | | 7 | | | 5 |
| **Refineries** | | | | | | |
| U.K. 1 | 2 | | | n.a. | | |
| U.K. 2 | 3 | | | n.a. | | |
| Holland | | 0 | | | n.a. | |
| **Methanol plants** | | | | | | |
| U.K. | 2 | | | n.a. | | |
| Holland | | 0 | | | n.a. | |
| France | | 0 | | | n.a. | |
| **Power stations** | | | | | | |
| U.K. 1 | 1 | | | 15 | | |
| U.K. 2 | 0 | | | 8 | | |
| Italy | | 1 | | | 15 | |
| Germany | | 0 | | | n.a. | |
| U.S. 1 | | | 0 | | | 0 |
| U.S. 2 | | | 1 | | | 3 |

n.a. Not available.

# Need for more workers in U.K. puts strain on industrial ties

THE SUPERIOR performance abroad both in terms of construction time and man-hours could not be attributed to better or more construction equipment, or to better technique, says the report. But in its major finding in this part of the study the EDC working party is severely critical of the state of industrial relations on U.K. sites.

"The presence of more men on site for longer periods on the U.K. projects than on the foreign ones necessitated a correspondingly greater load for industrial relations management. When things start to go wrong and the contractors resort to putting more men on the site (whether at the client's behest or on their own initiative), an intolerable strain is placed on the man-management organisation on the site. The quality of site relations and site morale is a focal point for improving performance."

The ratio of skilled to unskilled men in the labour force was lower in the U.K., but the finding "could not be generalised" because information was not available in enough cases.

"Supervision ratios were expected to be lower in the U.K. (that is, fewer supervisors per man), but this was not corroborated. But the number of supervisors may be less important than their effectiveness, and this depends on their own status, their motivation to complete the job, and the attitudes of the men they are supervising."

Continuity of employment appeared to be greater on the foreign sites than in the U.K.

"Comparison of recorded time lost through strikes shows U.K. projects on a par with U.S. projects, but both worse than in Europe. Comparison of time lost through absenteeism (a more significant cause of lost time than disputes) tends to show U.K. projects on a par with European projects, but both worse than in the U.S. (although figures for absenteeism are not available for all projects).

"Absenteeism is often regarded as an indicator of frustration and low morale, and there was evidence on U.K. projects to support this view. Moreover, a greater willingness to work in wet weather which was found on foreign projects may demonstrate higher morale abroad.

"Site facilities such as canteens and transport are generally better on U.K. sites than abroad, though they are not uniform across all sites.

"Useful comparisons of industrial relations practices can be drawn between the U.K. and the U.S. where the number of unions on site is greater than in the U.K. These point to the non-uniformity and non-comprehensive nature of collective agreements and the difficulties of enforcement as important contributors to industrial relations problems in the U.K.

"While great variety exists between sites, grievances and problems of interpretation easily develop. Trade union officials may then become so hard-pressed that what should be a perfectly adequate procedure is not used properly, and grievances multiply.

"With more men employed on the U.K. sites than would apparently be necessary on the same site abroad, it is easy to see how the frustration levels build up."

In comparing performance the report makes several general points.—

1—Foreign project times were shorter.

2—Foreign projects were less prone to delays.

3—Foreign construction times were shorter.

4—Foreign projects were mostly executed with higher overall construction efficiency (as measured by the ratio of overall work content to total man-hours).

5—Productivity on specific tasks was higher abroad.

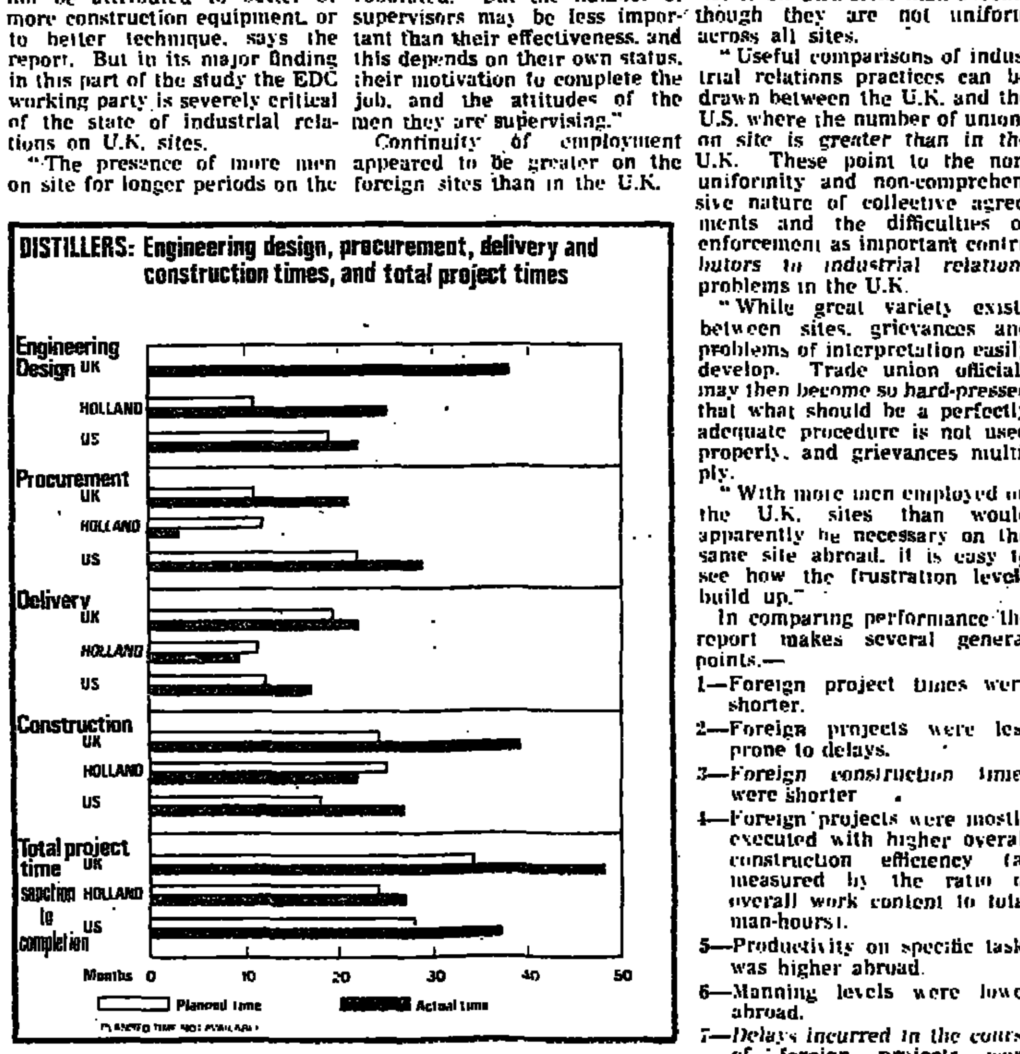
6—Manning levels were lower abroad.

7—Delays incurred in the course of foreign projects were capable of retrieval by the end.

The report sets out to give a description of what is meant by "site problems."

"Low morale is the most general description of the problem. The difference in morale between U.K. sites and foreign ones was indicated in the case studies, though it manifested itself in many different ways.

"Low productivity, high absenteeism, a propensity to take industrial action for trivial reasons and to ignore procedures are some of the manifestations, but these are associated factors rather than direct causes of lower morale."




# Non-uniform collective deals leave much to be exploited

THE REPORT found "a major difference between the U.K. and elsewhere in terms of site relations is the higher manning levels on U.K. sites, which are maintained for longer periods.

"This presents problems which neither the trade union organisation nor site management are adequately equipped to deal with: problems of ensuring a continuity of work for the men on site, and problems of maintaining adequate supervision, adequate site facilities and an efficient means of handling grievances and unofficial industrial action.

"The situation is aggravated further by the non-uniform and non-comprehensive nature of the collective agreements applying in the U.K. industry, which leave a great deal to be exploited on site, including bonus payments, one of the most significant sources of trouble on U.K. sites.

## Difference

"Of the countries visited the U.S. is the most similar to the U.K., with a difficult multi-union situation and heavy union involvement on site. One great difference, however, is the comprehensive nature of the U.S. collective agreements and the means of regulating relationships on site, lateness.

"It is to the U.S., therefore, that one should look for the best prospect of learning from overseas practice in this area."

The working party carried out a postal survey of 45 projects in Britain and abroad to gain support for its case studies. Table three shows the average lateness of projects as a percentage of planned time.

A large part of the NEDO report is concerned with comparing the levels of activity between sites. Table four shows that without exception the productive period as a percentage of the paid period is lower on the U.K. sites than on their overseas counterparts.

From the activity sampling the working party concludes that the active period was shorter on U.K. sites than overseas: the proportion of time spent on construction during the shorter active period was generally lower on U.K. sites; the "not-on-plot" figure was generally higher on U.K. sites; on several of both the U.K. and overseas sites the proportion of time spent on construction was surprisingly low, and the "not-on-plot" figure surprisingly high; plots with fewer men appeared better able to sustain a higher percentage of time on construction activity.

"The low proportion of the day spent on construction on U.K. sites—for whatever reasons—is clearly a fundamental factor associated with the lower average productivity in the U.K. found in the case studies.

"The findings indicate that as a means of raising productivity on site, two separate issues should be taken into account by the U.K. industry: The length of active period; and the efficiency with which the active period is used.

"The shorter active period on U.K. sites is largely a result of more generous allowances being given for tea breaks, walking and washing time, etc. These matters have long been determined by custom and practice and are at the discretion of the parties on site, but the observations suggested more abuse of these allowances on U.K. sites. Where this is the case, the answer lies in more effective and authoritative supervision."

## Immediate

It is suggested that "the more immediate means of increasing the time spent on construction activity (and thereby productivity on construction sites) is by improving the organisation of work.

"The efficient organisation of materials and equipment and the efficient deployment of men obviously require effective management by both staff and supervision and good communications with site workers. The evidence suggests that this will be harder to achieve the bigger the site and the greater the number of men involved."

The working party says that on all sides of the industry, among clients' and contractors' senior and junior management, and among trade union officials and shop stewards, there is an acute recognition of the gravity of the industry's problems, and an abundance of the will needed to do something about them.

## Postal survey: average lateness

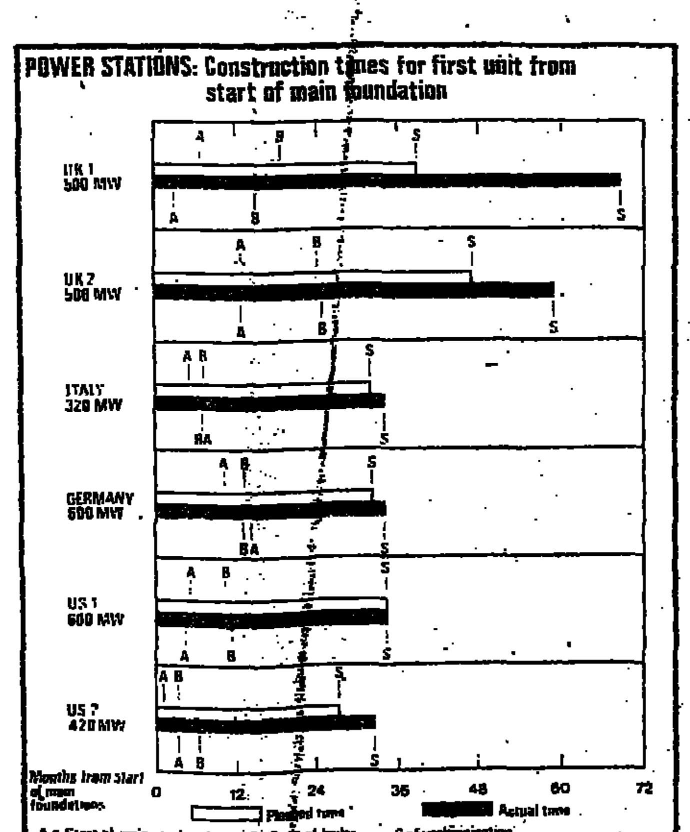
| | Design U.K. | Design Foreign | Procurement U.K. | Procurement Foreign | Construction U.K. | Construction Foreign | Overall project* U.K. | Overall project* Foreign |
|---|---|---|---|---|---|---|---|---|
| Percentage lateness | 36 | 14 | 28 | 16 | 42 | 17 | 21 | 13 |

* Overall project refers to time from planned start of process design to date planned for bringing plant on stream.

## Characteristics of sites

| Characteristics | U.K.1 | U.S.1 | U.K.2 | U.S.2 | U.K.3 | U.S.3 |
|---|---|---|---|---|---|---|
| Average number of men on plot | 386 | 680 | 176 | 800 | 180 | 120 |
| Paid period, hours and minutes | 8.00 | 8.00 | 8.00 | 9.00 | 8.00 | 8.00 |
| Active period, hours and minutes | 6.45 | 7.40 | 7.10 | 8.50 | 6.55 | 7.40 |
| Active period as % of paid period | 84 | 96 | 90 | 96 | 86 | 96 |

| Characteristics | U.K.4 | U.S.4 | U.K.5 | Holland | U.K.6 |
|---|---|---|---|---|---|
| Average number of men on plot | 143 | 112 | 161 | 141 | 85 |
| Paid period, hours and minutes | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Active period, hours and minutes | 7.00 | 7.40 | 7.07 | 7.25 | 7.07 |
| Active period as % of paid period | 88 | 96 | 89 | 93 | 89 |




# Main focus on morale and labour relations

IN THE recommendations it made to the EDC, the main focus is on site matters, and particularly on site morale and labour relations.

It recommended that it should make a direct application of its experience to selected projects by forming a tripartite team to monitor and advise on the project, under the EDC's auspices.

A small tripartite study group should be established to work out proposals for effective regulation and development of site relations. These would be for the EDC to consider recommending to the Engineering Employers' Federation, the Oil and Chemical Plant Constructors' Association; and the NECC for negotiation and implementation.

An attitude survey of site workers and supervisors should be conducted to discover their understanding of and views on various industrial relations matters.

## Language

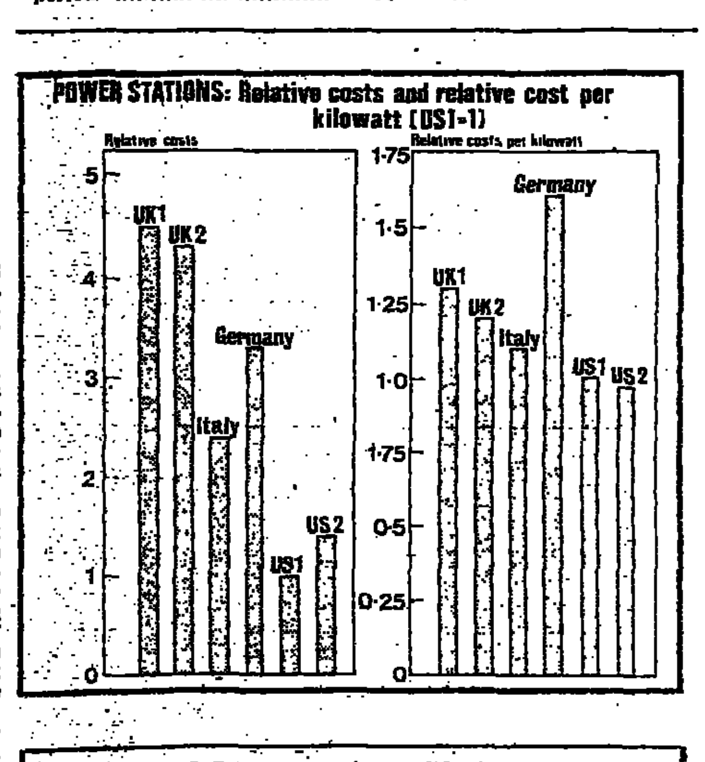
Work should be put in hand to establish "a common language of measurement information" by which to measure and compare performance on projects.

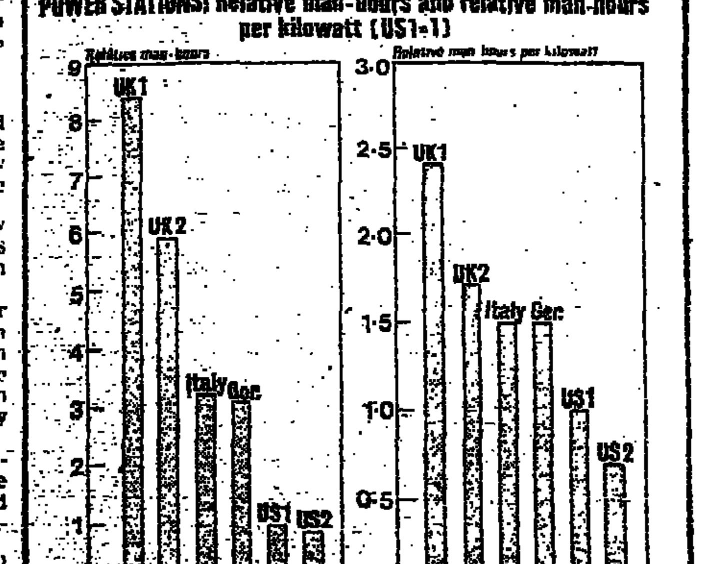
Further use of the activity sampling technique used in its fieldwork should be promoted in the industry.

Further techniques, for instance methods study which can indicate how resources can be better utilised, should be developed for application on sites, as the follow-up to activity sampling.

The working party recommended that a performance measurement unit be established to implement the recommendations.

The EDC "has accepted all these and is engaged in putting them into effect."




# Absenteeism and lost time much higher

LOST TIME for disputes and absenteeism is given in Table 2. "The evidence is insufficient to support or refute the view that time lost on British sites is significantly higher than elsewhere.

"Moreover it suggests that time lost through disputes as a proportion of total construction man-hours is less significant than has been supposed.

"A greater source of lost time is absenteeism, which accounts for as much as 15 per cent. of total construction man-hours on one of the British power stations and on the British ethylene plant. Absenteeism is often ascribed to relatively trivial causes as on the two projects mentioned above where the inadequate bus services were blamed."

Time lost through wet weather was not easy to determine.

"On all sites, attempts were made to ensure that the main working areas were covered or clad before the winter and that where possible men could be deployed under cover.

"Where this was not possible 'wet time' was paid. In the U.K. this amounted to eight hours pay, whereas only two hours 'show-up' pay is usual in the U.S.

"It was indicated on virtually all case-study visits that there is a far greater willingness to work in wet weather abroad than in the U.K. There was no evidence of higher accident rates accompanying wet weather working."

"It is usual in the U.K. for different types of agreement to be followed in power station construction and oil and chemical plant construction. National agreements are applicable on power station sites in particular, but a great deal is left for site determination including bonus payments.

"It has been argued that this degree of flexibility is necessary to enable site management to offer overtime working and bonuses as inducements. However, it does present innumerable areas for grievance and dispute, including a lack of uniformity of pay and conditions across the site, and necessitates great emphasis being placed on the procedural arrangements and management and trade union organisation to deal with them.

"Without this the procedures become unworkable and grievances may well turn into industrial action without adequate steps for their resolution being taken.

"On the oil and chemical sites a series of site agreements is in operation and these attempt to produce more uniform systems of pay and conditions on the specific site for which each is negotiated.

"This was taken a stage further on the British ethylene project site, where a comprehensive site agreement fixed a consolidated base rate including an 'in lieu' bonus, and a working week of 40 hours. This agreement could have been an important step forward in regulating site relations.

"However, it failed on this particular site largely because it had to operate at the same time and in the same region as a power station which was being built under the arrangements described above.

"The outcome was that the better craftsmen were drawn to the power station site and men on the ethylene project complained of inadequate 'take-home' pay. Morale and productivity were low and the disputes procedure, though admirable on paper, was made ineffective by the sheer inability of the trade union officials to handle the number of disputes raised."

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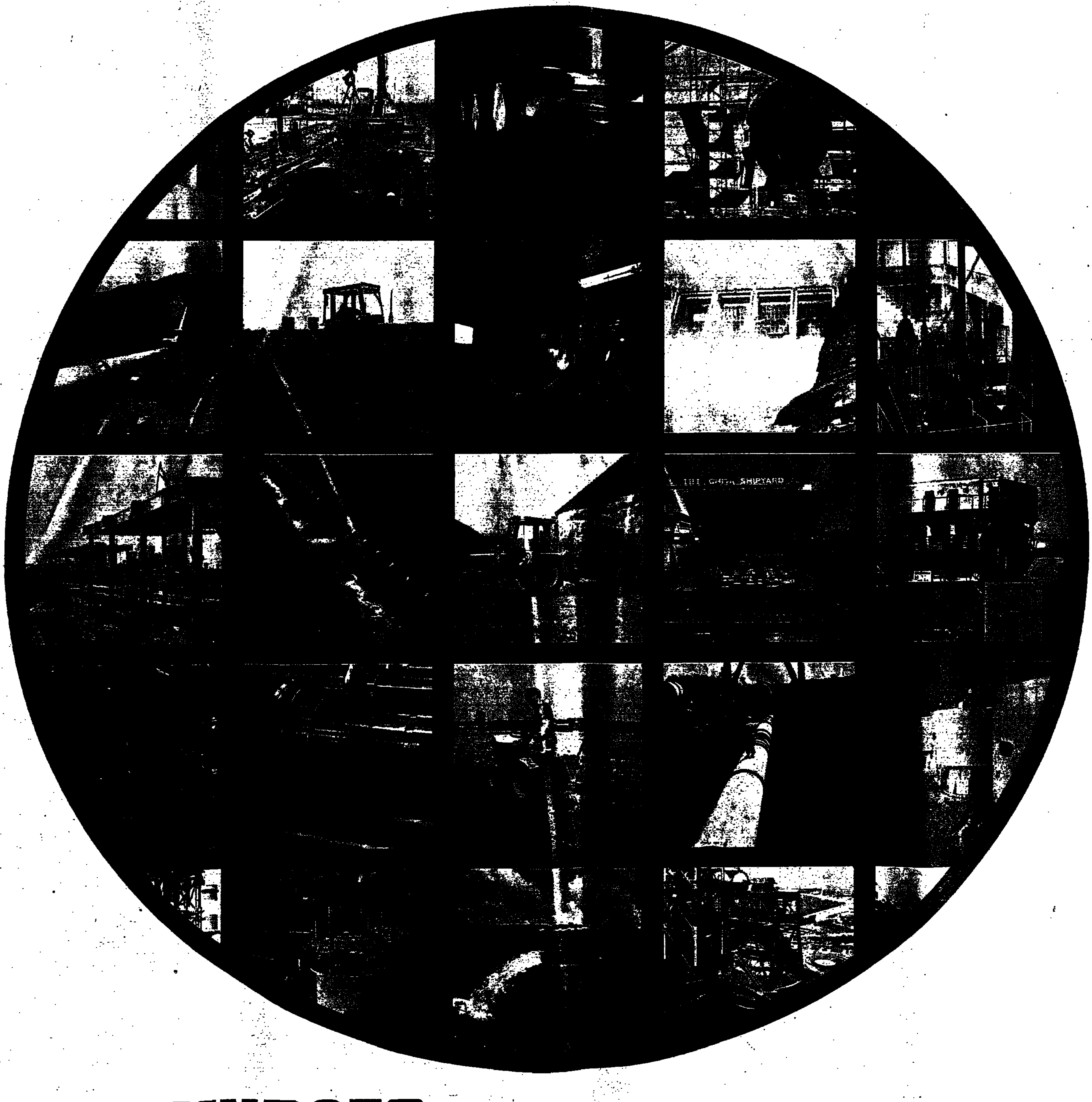

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PARLIAMENT

# Party unity takes the strain

BY PHILIP RAWSTORNE

DEVOLUTION'S immediate threat to party unity caused rather more concern in the Commons yesterday than its future effect on the unity of the kingdom.

Both Mr. James Callaghan and Mrs. Margaret Thatcher, opening the four-day debate on the Government's Bill, had to construct with care on unstable party bases.

The Tory leader, perched the more precariously over her party's divisions, solved her difficulties by vigorously accusing the Government of shaking the country's foundations. ......

Surveying the nooks and crannies of the Government's 166 pages of legislation, Mrs. Thatcher claimed to expose enough potential strains and stresses to guarantee the early collapse of the structure.

The Bill was riddled with dangers of conflict, she claimed. It would be impossible to strengthen any part of it without tearing it all apart; but left alone, its design could result in nothing but chaos.

Whoever had been through the Bill, Mrs. Thatcher clearly had not, Mr. Callaghan commented amid angry Tory protests.

"I think that is less than worthy of any Prime Minister," the Tory leader retorted.

And clearly, to judge from her speech, Mrs. Thatcher knew more about the disadvantages of the *Government's* blueprint than *the* advantages of her own, which, in the interests of Tory solidarity, she scarcely mentioned.

It was a bad Bill, she repeated, and it had to be demolished at the first opportunity—even though, as Mr. Jeremy Thorpe pointed out, the last time the Tories had behaved so destructively, the result had been the partition of Ireland.

The Prime Minister was as confident about his majority as he was about the Government's plans resulting in a framework that would preserve the unity of the country.

"Devolution is a delegation of part of Parliament's powers, not a surrender of them," he declared. *The Bill's safeguards would ensure* that beneath its roof, national identity would be preserved without rivalry and benefits shared without unfairness.

The Government would stand firm on the legislation's *key features, Mr. Callaghan stoutly* affirmed.

But, just to prop up some of his doubtful supporters—who remained as sceptical in spite of Sir Harold Wilson's blessing for the project—the Prime Minister added that he would seriously consider buttressing the constitution with a referendum.

## Courtaulds factory closures inquiry call

DEMANDS FOR a public inquiry into Courtaulds' recent announcement to close down factories were renewed in the Commons yesterday.

*Mr. Eric Varley*, Industry Secretary, told MPs that he had the Employment Secretary (Mr. Albert Booth), were still having discussions with the company and trade unions "including a *possible basis for an inquiry.*"

Mr. Varley added that he understood that the company had asked the Courtaulds trade union coordinating committee to a meeting.

**Mr. Douglas Hoyle** (Lab., Nelson and Colne), urging an inquiry, said that Courtaulds had received £40m. in Government grants in the past three years.

But when the company faced the slightest difficulty it moved out of a development area, giving only 24 hours notice to the unions.

Mr. Varley repeated his view that he was "disturbed at the announcement by the company and the closures."

**Mr. Charles Fletcher-Cooke** (C Darwen) wanted any inquiry to look at the pressures brought by the Government of the day on Courtaulds to go to "a wholly untried new town" rather than other textile areas.

Mr. Varley replied that it was part of the Government's regional policy to encourage expansion in areas of higher unemployment. Further discussions between the company and the unions was "a good development."

He told *Mr. John Biffen*, shadow Industry Secretary, that if an inquiry was set up, its terms of reference "should include all relevant factors."

*Mr. Max Madden* (Lab. Sowerby) wanted an assurance that the Government would consider any application to set up a workers' cooperative.

Mr. Varley replied that he was obliged to do so under the 1972 Industry Act.

## Varley hints at planning deals move

MR. ERIC VARLEY, Industry Secretary warned in the Commons yesteday that if industry did not co-operate over planning agreements, the Government might have "to take stock of the situation and lay proposals before the House to improve it."

"I can't understand why business should fear a planning agreement," the Minister added. He hoped there would be progress next year.

Mr. Varley said that planning agreements would be discussed with the nationalised industries—British Airways, the British Steel Corporation, the National Coal Board and British Leyland.



# Callaghan disputes Tory leader's claim of conflict with Parliament

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

WITH THE promise to consider referenda on the Government's proposals for creating national assemblies for Scotland and Wales, Mr. James Callaghan, Prime Minister, yesterday stressed that the Government's devolution Bill rejected a federal solution and separatism.

So far from creating any such prospects, the Scotland and Wales Bill reflected the overwhelming desire of the country to preserve and maintain the unit of the U.K., Mr. Callaghan claimed on the opening night of the four days Commons debate on the second reading.

But Mrs. Margaret Thatcher, Opposition leader, condemned the Bill as a "thorough hash and muddle," prophesying conflicts between the Scottish Assembly, as proposed, and the Westminster Parliament.

She deplored the "unwisdom" of putting Wales in the same Bill, criticised what she felt was erosion of the Royal Prerogative and contended that powers being given to the Scots with one hand would be largely taken away with the other.

At one point, the Prime Minister rose to protest at her arguments, disputing her statement that she had been closely through the Bill.

"*That was unworthy* of any Prime Minister." Mrs. Thatcher exclaimed. But **Mr. Jeremy Thorpe**, on the Liberal benches, interrupted her to suggest that the matters she was bringing up would be far better dealt with on the committee stage.

This, Mr. Thorpe considered, surely meant she should advise her party to give the Bill a second reading instead of opposing it.

But Mrs. Thatcher was adamant the Bill was basically bad and would cause "endless trouble."

The Prime Minister, firmly *maintaining otherwise, insisted* that the proposals were soundly based. The Bill should be given a second reading on Thursday night, he told the House, so that detailed consideration could be given to it and, where necessary, it could be amended.

Mr. Callaghan said the desire for devolution was not exceptional to the U.K. As Govern*ments became bigger, component* parts had become more conscious of shared identities and traditions. He drew parallels with Brittany, Corsica and Quebec.

"We believe the people of Scotland and *Wales* look to Parliament to reach a definite conclusion on the Bill—not just to allow it to be filibustered into oblivion. 'Scotland and Wales are entitled to a clear verdict."

Constitutionally, it would be perfectly proper for Parliament to take the final decision. But the Prime Minister said he recognised that a substantial body of people favoured testing the final scheme through a referendum.

He pledged the Government *to bring forward* at an early stage its own considered conclusions on the desirability of a referendum.

"The Commons will be able to reach conclusions on a referendum in a properly considered manner, with the full assistance of the Government and with our recommendation in front of them," he declared.

If the Government decided there should be a referendum, it would put down properly drawn amendments to the Bill. "If that was not our conclusion, we shall ensure that MPs have a full opportunity to thrash this matter out properly."

Mr. Callaghan said that the guiding principles underlying the Bill were respect for the diversity and distinctive traditions of Scotland and Wales, the political and economic unity of the U.K., the sovereignty of Parliament and fairness to the whole of the U.K.

Unity did not mean uniformity, and the Bill left domestic decisions to the new assemblies who would answer to their electors, and not to Westminster or Whitehall.

*The range of matters* on which they could decide would include housing, health, education and economic issues such as industrial development and factory building, as well as aspects of local government, social services, forestry and fisheries. In the case of Scotland, many law functions would be included.

Mr. Callaghan said the Bill would also provide safeguards for the Government and Parliament to restrain divergence where it could harm any part of the U.K. and damage the country's unity.

"Devolution is a delegation of part of Parliament's powers, not a surrender of them." The Bill would not be an instrument for conferring advantages on Scotland and Wales that were not available to England.

Mr. Callaghan said arrangements for the allocation of resources would ensure fairness

**Mr. James Callaghan argued that the Bill was fair to all parts of the U.K.**

to all parts of the U.K. Shares of public spending above the national average would be given to Scotland and Wales—as to parts of England—as long as the needs justified them.

He said the Government had rejected the ideas of both separatism and federalism.

Mr. Callaghan said the Bill did not give the assemblies powers to raise extra taxes. But the Government's mind was not closed on the issue if MPs could identify a tax which could be *operated "fairly and* economically." He added: "The block grant must remain the main source of revenue for devolved services, financed by national taxes by U.K. taxpayers at uniform rates." The assemblies would have "substantial sums" at their disposal.

Mr. Callaghan said the Bill provided for the minimum of interference by the U.K. Parliament in the assemblies. But it also ensured that matters which *affected the U.K. as a whole* remained under the control of the U.K. Government.

The Government recognised that the Bill could not satisfy everyone's aspirations—especially the separatists who would never be satisfied.

He warned Mrs. *Margaret* Thatcher, Opposition leader, that she must recognise that if she defeated the Bill on Thursday "then she kills the Bill stone dead. She will be destroying any chance of devolution in this session. That is the message Scotland and Wales will hear."

"*It is not too late for her to* think again before she commits what I regard as an act of folly, which, if successful, would drive a wedge between the people of these islands," Mr. Callaghan added to cries of "*Rubbish*" from the Tory benches.

"The task of the Conservative Party should be to amend and not to destroy, to help us improve the Bill and not to kill it" he declared.

Leading the Tory attack on the Government's plans, Mrs. Thatcher said that if Mr. Callaghan was "considering" the possibility of a referendum, he must be considering the Bill being killed after a whole session spent on it.

Wales and Scotland were inextricably bound up and if the *Welsh voted against, the whole* Bill must fall. "It would be better if the Bill were withdrawn now, and another one presented while there is still time."

The existing Bill would give rise to "a great deal of conflict, bitterness and acrimony."

Tories cheered when Mrs. Thatcher said it was "unwise" to put Wales in the same Bill as Scotland. The legislation proposed two basically different assemblies with two basically different structures but did not do so clearly. This would lead to difficulty and confusion.

She described the part of the Bill dealing with legislative powers of the assemblies as a "thorough hash and a thorough muddle" and analysed potential areas of conflict between the two assemblies caused by the methods by which the U.K. could assert its authority.

There was a clash when Mrs. Thatcher, rounding on Mr. Callaghan, declared: "I hope you will realise that somebody has been through this Bill very *carefully.*"

Mr. Callaghan replied: "It is quite clear from some of the points you have made that, whoever has been through it, clearly you have not."

Mrs. Thatcher: "I think that is less than worthy of any Prime Minister. I notice you have not had the knowledge to contradict me on any particular point."

Mrs. Thatcher warned that the structure chosen for Scotland was basically unstable. "I believe that it cannot endure and will cause endless trouble."

She also accused Mr. *Callaghan of trying to legislate* away part of the Royal Prerogative. "Normally the Secretary of State would advise on the use of the Royal Prerogative. Under this Bill, there are statutory provisions for the exercise of it, and I cannot remember any other statute where there has been legislation to delegate the Royal Prerogative on this scale."

Mrs. Thatcher said the proposed Welsh Assembly had far fewer powers but would be far more expensive than the Scottish Assembly. "It makes the EEC Commission look very economical by contrast.

"The demand is for less government. The response is more government, more bureaucracy, more costs.

Mrs. Thatcher said the Bill would aggravate the imbalance of representation in Parliament and warned: "The demand for more and more powers for Edinburgh will continue." This *would lead to demands to restrict* voting powers of Scottish members at Westminster.

Mrs. Thatcher said the Welsh did not want an assembly. If they were allowed to say so, that was the answer they would give.

To loud cheers, she declared: "This Bill is a bad Bill and the thing to do with a bad Bill is to say so fearlessly, which I have done, and to vote accordingly, which I shall do."

# Wilson declares his support—and puts unity argument

*SIR HAROLD WILSON* (Lab Huyton), speaking from the backbenches for the first time since he retired as Prime Minister, pledged his full support for the Government over *the Bill.*

The referendum on membership of the Common Market had been "a one-off job," but he was not against the proposal to have another one on devolution—a cold, inelegant and inharmonious word, which inevitably failed to carry persuasion.

"It is a horrible word. The British people as a whole don't *like four-syllable words like de*volution, or for than matter metrication."

But he believed the Bill would strengthen the unity of the U.K. Our history over 1,000 years had *been a record of creating* greater links between Government, Parliament and people.

Sir Harold said he was totally opposed to separatism and rejected arguments based on oil, whether it was from the North Sea or the Celtic Sea.

"It is not only oil that is concerned so far as the prosperity of Scotland is concerned, but the wider employment argument. Without the resources of the U.K. as a whole, the industrial and economic future of Scotland will be very grim indeed, and unemployment would be very much higher even than it is to-day."

*Sir Harold urged Opposition* MPs to accept the Bill. "The hardest part of being in Opposition is that you have to say either "Yes" or "No" to a proposition you would have pre*ferred not to have been put in* the first place."

There was the strongest case for accepting the broad proposition involved in the Bill.

**Mr. David Steel**, Liberal leader, said that Liberals eventually wanted a federal U.K. This legislation should be clearly based on federal principles so that it could be adapted later.

There seemed to be no coherent principle behind the sharing of powers set out in the Bill, and the Scottish Assembly's powerlessness to raise revenue—"representation ...without ...taxation"—was a recipe for disaster.

**Mr. Donald Stewart**, leader of the Scottish Nationalists, said that the Bill was "anaemic." His party did not expect to turn it into a Scottish lion but "we hope at committee stage to put some backbone and a few teeth into it."

As the Bill stood, they would be powerless to take the correct measures to put Scotland on its feet, but it was "a ludicrous slander" to say that the SNP would try to wreck a Scottish Assembly.

Mr. Stewart: "It is in our interest to show that Government in Scotland can work." The SNP would play a construc*tive part but would pursue* a policy of widening its control over the Scottish economy and society as a whole.

Describing talk of break-up of the United Kingdom as a red *herring, he said the U.K.* had been united in 1603, with the union of the two crowns. There would be no change in that. "It is the aim of my party to remain in the Commonwealth, recognising the monarchy."

Mr. Eric Moonman (Lab. Basildon) urged MPs to vote against the Bill at the end of the second reading debate "and ensure that it never sees the light of day."

He warned that there could be an immense backlash by giving devolution to two parts of the country and not the rest. "We shall pay a very heavy price for this in times to come," he declared.

Plaid Cymru leader, Mr. Gwynfor Evans, said that once nationalism was as deep-rooted *as it was in Wales it did not go* away.

As the self-confidence and the sense of loyalty of the Welsh to their nation increased, so too would nationalism grow until it became *irrepressible.*

There was no justification for denying to the Welsh Assembly the powers that would be given to the Scots. "The power to legislate is the power to make policy decisions," he said.

## Shipbuilding jobs challenge

MR. GERALD KAUFMAN, Minister of State, Industry, was yesterday challenged to "put his money where his mouth is" and wager that nationalisation of the shipbuilding industry would not cause more unemployment.

**Mr. Robert Adley** (C., Christchurch and Lymington) had asked whether the Government expected more or fewer people *to be employed in the aircraft* and shipbuilding industries 12 months after nationalisation.

Mr. Kaufman told him: "It is not a question of how many jobs will be lost after nationalisation, but how many will survive to be nationalised."

Mr. Kaufman said that public ownership would not itself alter the number of people employed, but it would give the chance for coherent strategies to be developed, giving the industries new hope and prospects.

Before the Conservatives and the Lords had forced British shipbuilding chief, Mr. Graham *Day*, out of office, he had said his objective was to see how many yards could be kept open, not how many could be closed. Public ownership gave the shipbuilding industry *the best hope* of attracting orders, Mr. Kaufman added.

## Oil pollution regulations

NEW REGULATIONS dealing with compulsory insurance against oil pollution will come into operation on February 24, 1977, Mr. Clinton Davis, Under Secretary for Trade, announced in the Commons yesterday.

*They will replace the Oil Pol*lution (Compulsory Insurance) Regulations 1975 and all the amending instruments, and will take account of the accession of Portugal to the International Convention on Civil Liability for Oil Pollution Damage, 1969.

# Benn seeks to speed nuclear incident reports

BY JOHN HUNT

A LIST of all nuclear incidents at Windscale has been called for by Mr. Anthony Wedgwood Benn, Energy Secretary, as a result of the dela yin disclosing the recent seepage of contaminated water from a silo containing highly radioactive waste.

Under questioning from worried MPs in the Commons yesterday, Mr. Benn said that he had given instructions that in future he should be informed immediately when incidents, however *insignificant*, occurr at nuclear installations.

He confirmed that in the recent incident there had been no radiation exposure of workers above permitted limits, and no contamination outside the site.

Mr. Norman Atkinson (Lab. Tottenham) a former design engineer, alleged that poor specification and cheap engineering had led to the seepage at Windscale. But Mr. Benn said that he did not wish to put the blame on poor engineering.

The Secretary of State told the House that British Nuclear Fuels and the Nuclear Installations Inspectorate were continuing their investigation into the matter.

### Confidence

On October 10, he said, a routine survey of excavations for a new silo had revealed significant radiation levels in one corner of the excavation. The sources of the radioactive contamination were not identified, and a more detailed survey was carried out on October 17.

Mr. Benn explained that the matter was first reported to him on December 8. The investigation to date suggested that the contamination came from a seepage of water 15 feet below the ground through the concrete wall of an old silo containing high activity waste.

Mr. Tom King, Conservative energy spokesman, told him that incidents such as this damaged public confidence in the nuclear programme. He complained that Mr. Peter Shore, Environment Secretary, had been aware of the incident before Mr. Benn.

For the Liberals, Mr. John Pardoe (*North Cornwall*) *said* one of the reasons for the delay in informing Mr. Benn and the Health and Safety Inspectorate was that the experts on the spot took the view that this was a common occurrence. He asked Mr. Benn to confirm that there had been several other incidents of this sort, and claimed that this was the most worrying aspect of the whole affair.

The Energy Secretary replied that he could not confirm what Mr. Pardoe had suggested. If there had been any spillage, it would be cleared up and dealt with. But this was quite different to a seepage which went undetected.

However, he had asked for a record of incidents which had occurred in order to assess their seriousness and to see whether they were similar to the present one. He promised to give Mr. Pardoe details.

Mr. Eric Moonman (Lab., Basildon) asked him to reject any idea that this was a purely localised "in house" incident. He called for the resignation of Mr. Peter Mummery, general manager of British Nuclear Fuels.

Mr. Benn rejected the call for the resignation of Mr. Mummery and said: "I am not disposed to put the blame for what has occurred on a particular person—except to say that the assessment of the importance of an incident should be something done by Ministers and not by somebody who was technically or managerially responsible."

● Britain could face an energy shortage in the first half of the next century if it is decided not to develop nuclear power stations, based on fast breeder reactors, an oil industry adviser warned yesterday.

Without careful development of the reactor Britain could become even more heavily dependent on imported energy than it was to-day, said Mr. Robert Belgrave, policy adviser to British Petroleum.

Mr. Belgrave, who was speaking personally and not as a BP spokesman, gave his warning in evidence to the British Council of Churches, which is holding a two-day public inquiry in London into the proposal to build a commercial-sized version of the fast breeder.

Mr. Anthony Wedgwood Benn, Secretary for Energy, has indicated that he will decide shortly whether to let the £600m. project go ahead.

The reactor's advocates argue *that it is needed to stretch the* world's uranium supplies further, and to meet rising energy demand. The U.K. Atomic Energy Authority said yesterday that it would be "an act of social and *economic masochism*" *for Britain* to forego the technology.

But the reactor's opponents point to the danger of plutonium becoming widely used, fearing that terrorists will steal it, and also that more countries will acquire nuclear weapons.

In a written submission to the inquiry, Mr. Belgrave said that without drastic changes in life-style, energy demand was likely at least to double by the year 2,000. North Sea oil would begin to decline some time after 1990, and Britain would again have to import oil, gas, coal and uranium.

*By 2,000, oil would be used* world-wide increasingly for chemicals and transport, for which there were few alternatives. Only coal and proven nuclear designs could fill the gap in time, to supply energy to industry and provide heat, he said.

## Concorde cost

UP TO October 31, 1976, the cost to public funds of the Concorde project was £715m., [illegible] Gerald Kaufman, Minister of State for Industry, told the Commons yesterday.

# Written Answers

### TREASURY

**Mr. Hugh Dykes** (Con. Harrow *East*). What steps will be taken to incorporate the settlement of existing Rhodesian debt in any general financial and economic settlement governing Rhodesian independence and the advent of majority rule?

**Mr. Robert Sheldon**, Financial Secretary. This is a matter which is very much in our minds, but it is too early at this stage to say what steps would be appropriate.

**Mr. John Stanley** (Con. Tonbridge and Malling). How does the Chief Secretary base his calculation that council rents are subsidised to the extent of 57 per cent. of costs?

**Mr. Joel Barnett**, Chief Secretary. Estimates of the aggregate of local authority housing revenue accounts for 1976-77 have been prepared in connection with the recent RSG settlement for 1977-78. In 1976-77 English and Welsh local authorities are expected to receive rent income, net of rebates, totalling some £1,050m. in comparison with expenditure on housing revenue accounts totalling £2,450m. The percentage of costs borne by rents, after rebates, will thus be about 43 per cent., of which 2 per cent. is in respect of rents other than for dwellings.

**Mr. John Stanley.** What was the total value of tax relief on mortgage interest in the latest *year available?*

**Mr. Robert Sheldon.** The estimated cost for 1976-77 of tax relief on mortgage interest payments is about £1,100m.

**Mr. E. Fernyhough** (Lab. *Jarrow*). *What is the total col*lected in import levies since the U.K. joined the EEC on food and products which, prior to joining, had no levies or import duties imposed upon them?

**Mr. *Robert Sheldon.*** *Net* receipts of EEC agricultural levies charged on imported food and agricultural products not formerly subject to protective duties or import levies are estimated to be *£40m.* for the period from February 1, 1973 to September 30, 1976.

★

**Mr. Jim Lester** (Con. Beeston). What annual cost at present rates will fall on employers of five, 25, 100, 500, 1,000, 5,000 and 10,000 employees, respectively, by the surcharge proposed in the National Insurance Bill?

**Mr. Robert Sheldon.** Additional annual cost to employer in 1977-78 is £821 (five employees), £1,607 (25), £6,407 (100), £32,135 (500), £64,270 (1,000), £321,350 (5,000) and £642,700 (10,000). This assumes that all employees are over 18, full time and on average earnings of £61.80p.

★

**Mr. Ivan Lawrence** (Con. Burton). What would the £5,000 exemption level for value-added tax now be if it were restored to a real value equivalent to that at its first introduction?

**Mr. Robert Sheldon.** About £9,000 a year.

★

**Mr. James Sillars** (Scot. Lab., South Ayrshire). What is the *present purchasing power of the* £ sterling compared with its value in the month in which the Government introduced its present incomes policy?

**Mr. Robert Sheldon.** Taking the internal purchasing power of the £ as 100p in July, 1975, its purchasing power in October, 1976 would be 84½p.

★

**Mr. James Sillars.** By how much the Public Works Loan Board rate has increased over the past 12 months; and what is the estimated effect of the increase in the total loan charges *paid* by local authorities generally, and on London, Birmingham, Glasgow and Edinburgh in particular?

**Mr. Denzil Davies**, Minister of State. The Public Works Loan *Board rate for quota loans to* local authorities repayable by equal instalments of principal over a period of ten years was 12¼ per cent. on November 27, 1975 and has been 14¾ per cent. *since November 27, 1976. It is* not possible to make any reliable estimate of the effect of the increase on total loan charges paid by local authorities.

★

**Mr. Bryan Gould** (Lab., Southampton Test). What is the explanation for the small growth in the volume of U.K. exports this year, compared with the much faster growth in the volume of imports?

**Mr. Robert Sheldon.** Export volumes started growing in the autumn of last year, several months before import volumes. The recent pause in the growth of our exports is not easily explained; but reports from other countries suggest that something of the same kind has occurred elsewhere. It may be that world trade has been less buoyant than expected. The recent growth in import volumes probably contains an element of forestalling.

★

**Mr. David Hunt** (C. Wirral). How many large companies participate in the Board of Inland Revenue's quarterly inquiry into company profits and what method is used to select them?

**Mr. Robert Sheldon.** At present about 250 company groups and single companies co-operate in the inquiry, which is on a voluntary basis. Companies originally approached were selected from those whose annual profits were £100,000 or more.

★

**Mr. Tony Newton** (C. Braintree). *What is the approximate* addition to revenue that would arise from raising the rate of income tax to 100 per cent. on all incomes over £10,000 per annum and relating this figure to the *existing revenue from taxation?*

**Mr. Robert Sheldon.** It is estimated that the additional yield for 1976-77 would be about £700m. or about 4 per cent. of the forecast yield of £700m. income tax. *In making this estimate*, it has been assumed that for mixed incomes exceeding £10,000 the 100 per cent. rate would be applied first to any investment income and then, as to any remainder of the excess, to earned income. Tax on the income below the limit would then be charged at 1976-77 rates and allowances after allowing deductions such as mortgage interest. *The result is, however, entirely* hypothetical in that it rests on the unrealistic assumption that there would be no change in the distribution of pre-tax income resulting from the imposition of 100 per cent. tax over a given level.

★

**Mr. Michael Neubert** (C. Romford). What was the purchasing power of the average pensioner couple in February 1974, on October 30, 1976, and on November 16, 1976, based on the internal purchasing power of the £ sterling at 100p in February 1974, 62p on October 30, 1976, and on November 16, 1976?

**Mr. Denzil Davies.** The retirement pension for a married couple was £12.50p in February 1974, £21.20p on October 30, 1976, and £24.50p on November 16, 1976. If the internal purchasing power of the pound were taken as 100p in February 1974 and its value on both October 30 and November 16, 1976, as 62p then the relative purchasing *power of* these pensions by comparison to February 1974 would be £12.50, £13.15 and £15.20 respectively.

# The Management Page

EDITED BY JOHN ELLIOTT

ercedes-Benz has taken lorry production into a w era of technology. Terry Dodsworth reports

# A European leader n productivity

E YEARS ago Mercedes- opened a new lorry plant ie banks of the Rhine near gart which launched the pean industry into a new of production technology. ors to the factory at h, to-day come away with overwhelming message. All lorry plants in Europe, are told, are based on a ally obsolete technology ble to the production of 0 vehicles or less a year. h, on the other hand, is erned with the technology e future—that is a 100,000-a-year factory capable of nous flexibility in the type hicles it produces.

is difficult to emerge from gleaming palace of polished iction lines without being ed away by the Mercedes ige. Worth is a vast estab-ient, built on a green field which gave its planners the rtunity to build on an ideal . *Its assembly lines stretch idatingly into the distance,* ghtly manned that they to be operating with a ton staff. There is so much ;, and such a general lack istle, that it is difficult to iate the work with the frenetic task of metal ing and assembly.

## rrogance

ere is a touch of arrogance :e Mercedes style, and an ent of hyperbole in its pre-tion. which makes some 's only too eager to point the disadvantages in the h concept. By building a of this size, they say, the iany has rationalised too ı, producing vehicles on a ing-brick principle which far too much alike. But r competitors—even those the British who suffer from Mercedes brand of self-con-t marketing—are full of ration. To them, Worth is assic example of what a high level of investment can achieve in terms of producti-vity.

The battleground in the European motor industry and elsewhere is increasingly con-centrating on this issue of out-put per man and for the first time it is possible to discern an undercurrent of talk about a productivity war. Everyone, even the German companies with their high record of efficiency and smooth produc-tion, is showing concern about the ability of the Japanese to outdistance all rivals. A glance at the figures shows how Mercedes is standing up to the pressure on this front both in car and truck production.

During the last decade Mercedes has achieved a steady increase in total vehicle output embracing cars and trucks. It has become in the course of the period, the only European motor company to go through the recent recession on an up-ward note and without a single redundancy. On the car side, production has increased over the ten-year period by 83 per cent.—from 191,600 units to 350,000—while its output of commercial vehicles in Ger-many has shot up by 186 per cent., from 62,800 to 180,000. Yet, at the same time, its work-force has expanded by only 45 per cent.—from 84,400 to 122,800. As a culmination to this period of growth, Mercedes has been rated as the largest motor company outside the U.S.

These radical improvements in performance have been achieved by a mixture of methods, including an intensive use of computerisation and a tough approach to rationalising the company's structure. The Audi car subsidiary, for example, was sold to Volks-wagen in 1964. But two policies stand out in particular: its heavy investment programme and its progressive product rationalisation.

Worth is the most clear-cut example of Mercedes' invest-ment policies. Estimated to have cost about DM500m. (about £150m. at to-day's values), the factory was con-ceived on a grand scale with the objective of bringing what are virtually car production tech-niques to truck body building and assembly. To give the plant backing, as the Mercedes Board did in the 1960s, was a clear risk, because it implied an ability to capture new markets quickly, both on a European and a world scale. But an essential part of the gamble was the belief that the com-pany's radical approach to pro-duction would keep labour costs down and enable a really flexible attack on the market.

## Inhibitions

At Worth this meant group-ing cab building—one of the major fabrication items—in with the assembly works. Although the combination of body building and assembly is a common practice in the car industry, it is not so usual in truck building. The assembly lines themselves were also designed on the flow-line principles of a car factory. Although it may seem an obvious move to apply such methods to commercial vehicles, the inhibitions to doing so are enormous because these tech-niques need massive invest-ment in handling machinery, close supervision of quality, and a highly sophisticated compu-terised control technique.

Similar investment principles have been put to work in another new project at the Mannheim engine works. Engine production, involving repetitious drilling and machining processes, lends itself ideally to highly auto-mated methods, and in the car industry companies aim for volumes of up to 500,000 units a year, backed by extremely heavy investment which can be written off over a 25-year period.

The principles are not so easy to apply to commercial vehicles, because of the much smaller volumes needed in the industry. But Mercedes de-veloped an ingenious engineer-ing solution to this problem. In co-operation with MAN, another West German truck manufacturer, it designed a new range of V-engines which are all based on combinations of exactly the same 1.6 litre single cylinder. The engines come in a variety of cylinder groupings, from six to 12, but because of their basic cylinder similarity, they can all be machined on the same transfer line. As a result Mercedes can make a vast range of engines — anything from 160 bhp to 500 bhp—on the same line, and thus achieve the large volumes needed for economic production.

The heavy investment pro-jects have made it possible for Mercedes to seek improvements in productivity by rationalising design and engineering. The V-engine design for the Mann-heim plant is one good example; another is at Worth, where the New Generation cabs, launched three years ago, are designed on a unitary principle in which the same basic parts can be built into a variety of final forms. The development of the New Generation range, with a common cab for vehicles of between ten and 38 tons (most companies have two or three in the same range), reduced the number of cab parts by half and cut manufacturing man hours by a similar extent.

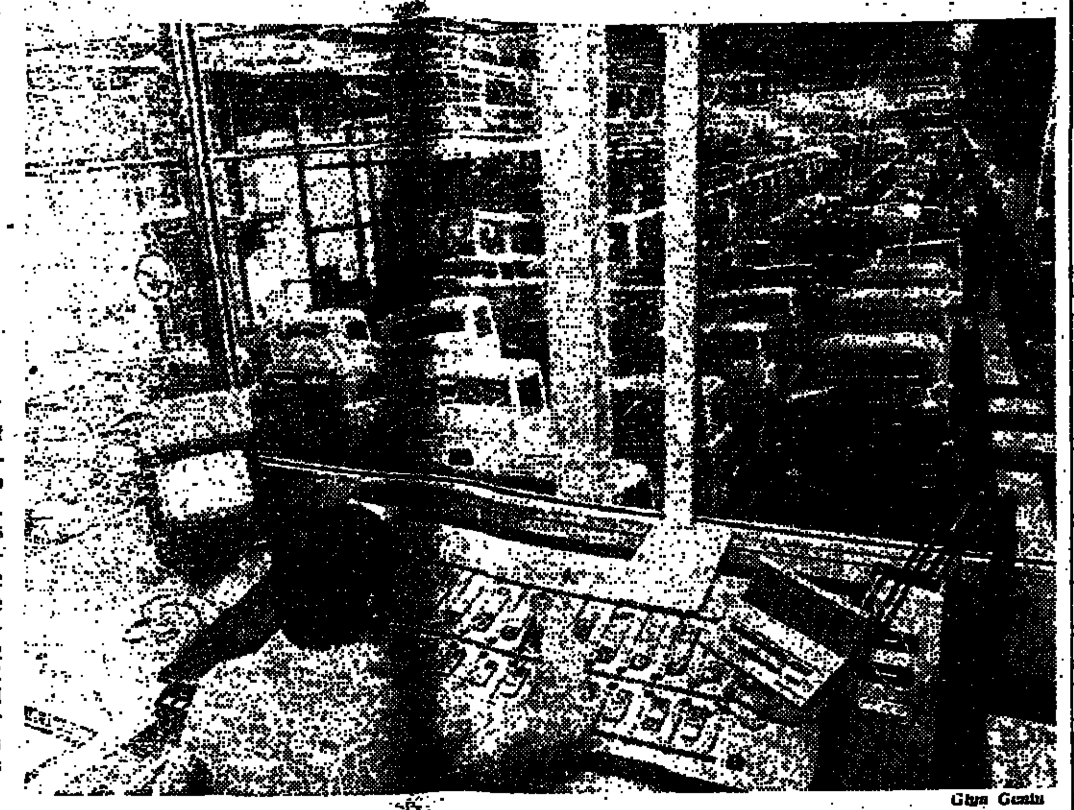
Identical standardised design concepts are applied in the car company although most cus-tomers, faced with the apparent plethora of Mercedes models, could be excused for thinking the opposite. Mercedes has a highly confusing naming policy for its cars which gives the im-pression of a very wide range of vehicles. In fact, the com-pany has only two basic saloon body shells, the "compact" and the larger S Class (although a replacement compact design is now coming into production), plus its sports car design.

Around these base models the company plays an ingenious counterpoint with a range of petrol and diesel engines, some of which are common to the differing body shells and the lighter commercial vehicles. Thus by severely rationalising the production organisation Mercedes has been able to bring some of the techniques of high volume car production into the scope of a highly specialised company.

The commitment of Mercedes —or rather, the holding com-pany Daimler-Benz—to high in-vestment remains strong. The chairman of the management Board, Dr. Joachim Zahn, an-nounced recently that some DM5bn. (£1.3bn. at to-day's rates) will be injected into the company during the next four years, following on DM884m. in 1975, and DM703m. in 1974 (£227m. and £180m. respec-tively). The aim is to expand car production from about 380,000 units this year to 450,000 by 1980.

The weight of this invest-ment raises questions for its competitors. It is interesting to note, for example, that the Central Policy Review Staff, in its influential report on the British motor industry last year, concluded that the main prob-lems in the UK stemmed from labour troubles rather than a low investment record. Yet British Leyland is only spend-ing similar sums to Mercedes (over the next four years a total of £759m. at constant terms, or £1.2bn. taking inflation into account) in its present Govern-ment-backed re-equipment drive.

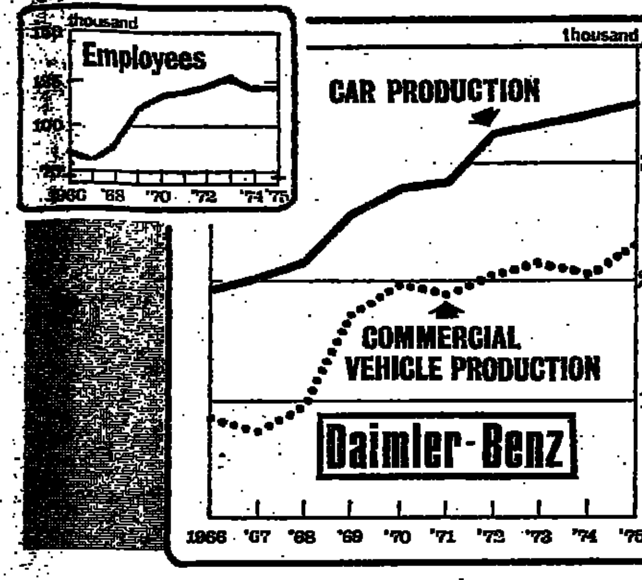
Compared to the German company this hardly seems a prodigal sum if Leyland—although admittedly a smaller company—is to stay in the race. The Mercedes experience would seem to indicate that, even if good labour relations is a neces-sary condition for high produc-tivity, success in to-day's motor industry is most soundly based when it is accompanied by the high investment on which a rational product range depends. Lord Ryder, who has had to argue that case, and is now backing it with the National Enterprise Board's money, would undoubtedly agree.



Glyn Genin

The controller overlooking the automated production line at Mercedes's Worth factory (above), while (below) new generation cab is assembled.

Glyn Genin








## Secretaries best off in Bahrain

ACCORDING to a survey of purchasing power in 41 cities—published by the Union Bank of Switzerland—the highest pay for a secretary is that in Manama, Bahrain. Thanks to the power of petro-money and the absence of stoppages, a typical departmental manager's secretary with shorthand, typ-ing and one foreign language, takes home $13,971 (£8,350) a year in the capital of Bahrain, compared with her London counterpart's pay-packet of $3,567 (£2,135).

Closer to home, the top-earnings cities are Geneva, with after-tax annual income of $10,840, Zurich with $10,777 and Brussels with $9,239; while in the United States take-home pay in comparable cases totals $9,740 in New York and $9,655 in Los Angeles.

London, poorly off in earning power, is among the cities with the shortest working week for secretaries: its 35 hours equals Dublin, New York, Johannes-burg and Buenos Aires.

The survey, entitled "Prices and earnings around the globe," shows that actual buying power is highest in North American cities, Switzerland and Holland (at least before tax), and it also includes similar figures for a number of occupations, among them a departmental manager and a bank teller.

The sample manager, a 40-year-old with a wife but no children, vocational training and heading a production depart-ment of about 100 people, would also be best off in Manama. His annual salary of $30,482 in Bahrain would compare with $24,231 in Caracas, $22,291 in Chicago, and $6,985 in London.

John Wicks

SCHOOL LEAVERS

# Social problem of increasing unemployment

BY PETER RIDDELL

SEVERAL new schemes have been introduced by the Govern-ment during the past year to encourage employers to take on unemployed young people. But, according to an article in the recent quarterly review from the National Institute of Economic and Social Research, while these measures will "relieve the prob-lem somewhat they provide a temporary palliative rather than a long-term solution."

Most public attention norm-ally focuses on the mid-summer peak after the end of the school year. Almost 200,000 school-leavers registered as unem-ployed this year. This is equiva-lent to about a quarter of total leavers. In earlier years a figure above 6 per cent. was con-sidered to be very high. A tem-porary rise in such unemploy-ment can be seen partly as a natural feature of the labour market in the early autumn when jobs are taken and the total normally falls sharply, as it has already this year.

However, as the article stresses, the number of school-leavers remaining jobless after the summer peak has now be-come "a new and major social and economic problem." The Institute forecasts, for example, that between 30,000 and 40,000 school-leavers this year will still be out of work next February and March. This is equivalent to between 5½ and 7¼ per cent. of those leaving this year and not going on to further education.

## Understates problem

Grave though this figure is, it probably understates the prob-lem of teenage unemployment since, in addition, there are now about 190,000 other young people under 20 without a job including both school-leavers over 18 and those who have only held a job temporarily.

The Government's various measures to alleviate unemploy-ment—the youth employment subsidy, job-creation, work experience and community industry—may on a rough count benefit up to 150,000 young people by next spring. But the article points out that the vast majority of these people are being taken off the register only temporarily since few new permanent jobs are being created and job prospects next year may be only marginally better, if at all.

Consequently there is the danger that a large number of these 150,000 will return to the labour market just at the time when the summer 1977 school-leavers will be joining the register. Moreover the number of young people leaving school is likely to increase over the next five years.

## Temporary palliatives

There is also, as the Institute points out, a limit to the num-ber of temporary palliatives that can be adopted without transferring unemployment from one section of the com-munity to the other.

The article points to various ways in which the speed and efficiency with which school leavers are absorbed into em-ployment is improved, thus reducing the seasonal peak. For example, a notification of vacan-cies for young people earlier than the usual July and August peak might be helpful. In addi-tion, the Institute of Careers Officers had called for a new approach whereby all young people would be regarded as trainees and given permanent training opportunities or work experience.

This hardly looks to be imme-diately practicable at a time when public spending cuts are planned and, of course, a longer-term solution to the problem depends on a reduction in the overall level of unemployment. Nevertheless, the article main-tains that "unemployment among school leavers should be given special attention since it represents the first experience of the work situation and since the failure of the first attempted entry to the labour market may adversely condition those in-volved."

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TUESDAY, DECEMBER 14, 1976

# The real battleground

RAISING THE level of productivity, which is this country's most urgent industrial task, is not just a matter of cutting out strikes, reducing the number of unions, or persuading people to work harder. The causes of low productivity are complex, affecting management at least as much as employees and trade unions. A warning against simple solutions is provided by a National Economic Development Office report, published yesterday, which compares the performance of the engineering construction industry in the U.K. and overseas.

### Over-manning

The report shows that it takes longer, and requires considerably more men, to build a power station or an ethylene plant in the U.K. than in the U.S. or on the Continent. This is not a new discovery: cynics may dismiss the report as yet another worthy analysis of an intractable British problem. But the comparisons are valuable because they are unusually detailed: they pinpoint the areas where reforms can be made, if the parties concerned — clients, contractors and unions—have the will to carry them through.

The comparisons with the U.S. are particularly interesting because in that country, in contrast to Holland and Germany, a large number of unions are represented on major construction projects (actually more than in the U.K.) and the unions are heavily involved on site. The U.S. even appears to suffer more from strikes than we do, though this does not take account of go-slows and working to rule which are more prevalent in the U.K. Yet the Americans build plants faster than we do. The reason is that relationships on the site are regulated more effectively. They have better arrangements for sorting out demarcation problems in "pre-job conferences" before the work begins: rates of pay and other substantive matters are dealt with locally in legally binding comprehensive agreements; and there is no scope for the piecemeal, ad hoc negotiation which is common on U.K. sites, especially over bonus payments.

Just as the "Think Tank" report on the motor industry confirmed that low productivity had very little to do with low investment, so the NEDO study shows that the better performance on foreign projects is not due to the use of better construction techniques or better equipment than is used in the U.K.: moreover, site welfare facilities, such as canteens, are generally far more rudimentary abroad.

Although there is some criticism of clients, particularly the CEGB, for modifying designs continuously so that each power station becomes almost a prototype, the basic problem is the organisation of work on site. In the U.K. the quality of supervision and of communications between management and men is poor. Since manning levels are excessive, sites become crowded and more difficult to manage.

### Tripartite

One of the merits of the NEDO report is that representatives from the trade unions, as well as from clients and contractors, have been deeply involved in the work. The same tripartite approach must apply to the follow-up action. The immediate priorities must be to accelerate work on a single national agreement covering all mechanical and electrical work on site, and then to move towards comprehensive site agreements under the umbrella of the national agreement. Trade union representation on sites has to be strengthened; the role of supervisors in industrial relations matters has to be made clearer. Unlike some other issues which preoccupy our national trade union leaders, these are real problems which call for practical solutions: it is at this level that the battle to regenerate British industry has to be fought.

# A threat to reform in Spain

ON THE EVE of to-morrow's crucial referendum on a new Constitution, the Spanish Government now faces two major challenges to its authority, both of which could have serious long-term consequences for its plans for political reform. Friday's reappearance in Madrid of the banned Communist leader, Sr. Santiago Carrillo, and the kidnapping the following day of Sr. Antonio Maria de Oroily y Urquijo, the President of the Council of State, are almost certainly not directly connected. But both incidents are likely to undermine, at least in the eyes of the Right-wing, the Government's claims that its liberalisation programme can be accomplished without serious disruption. Unless it shows that it can cope with such challenges, the Government risks losing the support from the Francoist establishment which it still believes to be necessary to ensure a smooth passage to democracy.

### Backlash

The most immediate result of the events of the last few days could well be to swell the numbers of those who will decide to resist change by voting No in to-morrow's referendum — although the Government still seems confident that the backlash will only be marginal and that the Yes vote will easily prevail. But the Government will be keeping an equally close watch on the percentage of abstentions, which are expected to give an indication of the extent of the support for the Communist and Left-wing parties which have called for a boycott of the referendum on the grounds that many basic political freedoms are still lacking in Spain. Government supporters are hoping that no more than 30 per cent. of the electorate will abstain, including 10 per cent. or so who are not politically motivated, and that no more than another 10 per cent. will vote against, leaving a comfortable margin of 60 per cent. or more in favour.

Winning the referendum is obviously the Government's most pressing priority. But, even assuming it does so, it will still face the longer term problem of keeping the extreme right under control if the extreme left persists with a campaign of spectacular, and perhaps violent opposition. There are still elements in the police who would need little encouragement to step up their activities against those suspected of left-wing involvement, and each act of violence by the Left increases the risk of right-wing retaliation in kind. That, of course, is precisely the reaction that some of the most extreme Leftists would like to provoke. The country is heading towards what the left sees as a "bourgeois democracy," and there are those who believe the best way to stop it is to provoke the authorities into talking repressive action in the hope of generating greater domestic and international sympathy for the left.

An increase in violence would also suit the extreme right, which would like an excuse for much tougher action by the police, and perhaps the Army, against the left. At the same time, it would reinforce rightist claims that liberalisation is impossible and the old Francoist ways are best. There is little doubt that one of the reasons why the Government is resisting legalising the Communist Party is the fear that it would bring the extremists on both sides out into the open. Newly opened Communist Party offices would provide prime targets.

### Sidelines

The fact remains that the vast majority of the Spanish population wants nothing to do with either extreme. The number of those prepared to resort to violence on either side is almost certainly minute. So far the Army has kept on the sidelines and shows every sign of loyalty to the King and his Government. Spain may not yet be a Parliamentary democracy by West European standards, but since the death of General Franco it has been moving steadily forwards. There will be little hope of lasting political reform if the Government is diverted from the path that it has chosen by acts of violence, whether they are perpetrated by right or left.

The main details of the Bullock Report to be signed to-day, are outlined by John Elliott

# Worker directors: a plan for radical industrial change

THIS morning in a house in Bloomsbury, a document will be signed that could begin to revolutionise British industry within three to four years by putting trade union representatives in Boardrooms and by reducing the power of shareholders. It will be backed by a group of seven men; but will be accompanied by a second dissenting report written by three industrialists who are not prepared to follow the majority path.

These two groups make up the Bullock Committee of Inquiry which was appointed by the Government on December 3 last year to report within 12 months on how the TUC's ideas for trade union-based worker directors could be introduced in the private sector Boardrooms of Britain.

## The dissenting memorandum

Now the majority seven-man report and the dissenting memorandum have been completed and, after to-day's signing, will be sent to Mr. Edmund Dell, Secretary for Trade, who is the Cabinet Minister responsible because of his Department's involvement with company law. (Whether Mr. Dell remains in charge of the issue or takes second place behind the more social contract-oriented Mr. Albert Booth, Secretary for Employment, is currently being fought over in Whitehall. Mr. Dell will then take the report to a Cabinet Committee, probably just after Christmas, and it will be published in the middle of next month — January 19 is the date the Stationery Office printers are aiming for at present.

Basically the report amounts to a confirmation of the TUC's proposals which have been watered down on only one or two key points: such as the number of worker directors that should be appointed and the power of these directors in relation to shareholders. It proposes that Britain's biggest 600 companies employing more than 2,000 workers should have to reconstitute their boards within a single-tier system at the request of their unions and employees.

The minority report starts by saying that the Committee was given the wrong question by the Government: it should have been asked to say whether, not how, worker directors could be appointed. But, after this display of year-old frustration, the three minority authors bow to what they seem to infer is the inevitable, and accept the idea of worker directors providing they are in a small minority, in a two-tier company structure, and are not automatically based on the trade unions.

The majority report news has about a dozen chapters. Its main proposals are:—

A unitary Board: The TUC's concept of worker directors on a supervisory Board in a two-tier structure is abandoned (with TUC approval) in favour of a unitary Board. This is partly because most companies have an effective two-tier structure already with management committees operating beneath Boards. There was also a welter of company and City evidence submitted opposing a change to two tiers. But the report also aims to tie the worker representatives as much as possible into significant management decisions. A counter-view is that unions really only want to be involved in supervisory Board-style decisions and would never have the expertise to function on a unitary Board. The minority report goes further and plumps for two tiers in order to stop the unions (and especially their Left-wing activists) impeding day-to-day management.

Board Members: A "2 x + y" formula slices a Board into three—two larger equal sized parts of shareholder and union representatives and a third smaller "y" section of people jointly chosen by the first two. This modifies the TUC's original 50-50 "parity" demand but has been designed to maintain "parity" between the two main groups. Only employees (not union officials) could sit on the unions' "x" while the shareholders' "x" would include top executives. The "y" would provide the chairman and include non-executive directors and could include a union official if one were wanted. The size of Boards and the x:y ratio is left to the parties to agree but, as a fallback in case of deadlock, minimum figures are proposed ranging from a total Board of about 13 (5+5+3) to 21 depending on the number of employees in a company. Ideas that worker directors must have worked for the company for a minimum period have been rejected for practical reasons and because there is no parallel minimum period for the shareholder representatives' association with the company. The Government may insert a 12-month minimum however in its White Paper.

Union Based. The system would be based on a company's recognised trade unions. Politically this is highly controversial. In practice the report says it is not an issue because, managers apart, most of the 600 companies involved are highly unionised. The minority reject this and go for a system based on all employees.

Which companies? To begin with the law would apply to the country's biggest 600 companies with 2,000 or more employees. In practice it could take some years for anything like all 600 to be affected.

Groups. Subsidiary companies with 2,000-plus employees are affected as are holding companies and conglomerates with a total of 2,000-plus employees in their subsidiaries—that is, a holding company which itself only employs a tiny head office staff is not exempt. Unions in one or more of the subsidiaries can qualify to initiate the scheme both for their own subsidiary and for the holding company. In practice, however, it might take a long time for unions in a conglomerate to organise themselves sufficiently. The same rules apply for multinationals though clearly, if the holding company is located abroad, it is out of reach.

Method of introduction. One or more recognised trade unions with a fifth or more of the employees in membership can "trigger" the system by lodging a claim with the company that cannot be rejected. A "universal ballot" of all employees is held and the scheme goes ahead on a simple majority, providing a total of one-third of those eligible have voted. The unions must form a company (or group) trade union committee comprising all the unions in the company which then elects the employee Board representatives (Bullock has dropped the title "worker director"). The representatives are accountable to this committee and not to their individual unions and are subject to recall and re-election by the committee. There is no shareholder power of veto over whether all this should happen—partly because it is assumed shareholders do what managements tell them and so would vote "No." In any case it is intended that the employees have seats on the Board if they want them "as of right," not because a management thinks it a good idea.

Shareholders. Power of shareholders to initiate policies is removed and given to the Boards—dubbed "reconstituted Boards." But shareholders have a power of veto over certain major items such as acquisition and sale of assets. This waters down a TUC demand that the Board, not the shareholders' annual meeting, should be the final authority on everything.

Responsibility. While the worker-director orientated shareholder and employee's representatives are accountable to their constituents, they bear equal responsibility to act in the best interests of the company as a whole. The law should be changed to make this an equal responsibility for shareholders and employees. It is not thought this this will involve the employee representatives in any undue legal or financial responsibilities.

Infrastructure: The report broadly recommends a parallel extension of collective bargaining and participation below Board level but proposes no structures. Employee representatives who are worried that management decisions are being taken away from the Boardroom can claim (and if necessary force the Board to vote) on them being given seats on management committees.

Publication of these and other more detailed proposals when the report appears next month will release a tide of acrimonious debate which will reverberate around industry Whitehall and Parliament for at least two years. This is because legislation based on the report (Parliamentary time, the Lords, general elections and other hazards permitting) is unlikely to receive Royal Assent before the autumn of 1978.

This long time-scale makes it impossible at this stage to predict with any certainty how industry would react once saddled with the law. On the one hand, changing social attitudes, including a growing recognition among industrialists both of rights of their employees and of the advantages of co-operating with trade unions, may remove some of the current employer opposition. TUC unions which are now either opposed or apathetic to the idea may well also be swept along by events.

At the same time the EEC will be formulating its own policies and so will boost the trend. The interest of the Conservative Party and of the CBI in gradually moving towards worker directors also points towards employee representatives entering British Boardrooms within a few years. This mean that, in spite of the sharply opposing views that the "pro" and "anti" Bullock report camps will take up during the coming months, the real debate in this country is over the speed and method of any innovations rather than over whether such a development should happen.

Ironically the tide of participation which has been building up in British industry may of its own accord have led to some worker directors sitting in British Boardrooms by the early 1980s without the TUC's somewhat heavy-handed insistence that the Bullock inquiry should only consider how its own proposals could be implemented.

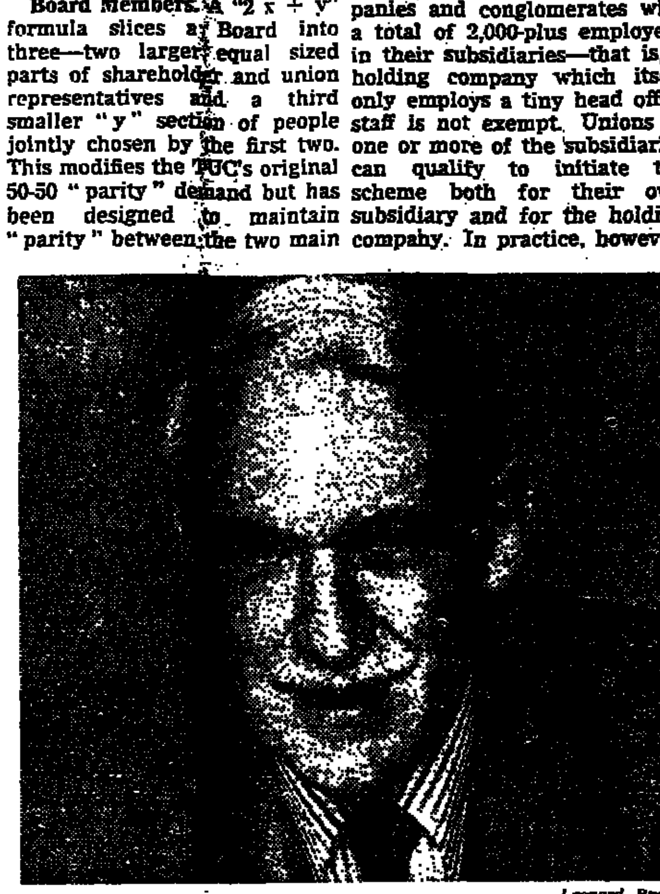
## Achievement of the TUC

What the TUC has achieved, however, is that at present the Government is committed to an industrial democracy path which is orientated towards increasing trade union power as part of the Labour movement's long-term policy of changing society, and not to the employer and Conservative Party path of increasing employee participation without any wider political motives.

The Bullock majority report's rationale is that it is time for British industry to make a new start and for trade unions to shoulder direct responsibility for what happens instead of biding behind their traditional collective bargaining adversary role. This means changing the present conflict-basis of the most troubled parts of British industry for a co-operative approach, and raises the question not only of whether such a revolution is possible at all but also whether it can be imposed from the top instead of being built up as an infrastructure from the bottom.

Here the Bullock Report rightly points out that the infrastructure already exists through countless negotiating and consultative committees throughout most of industry's biggest 600 companies involving a large number of Britain's 300,000 shop stewards. It also points out that the real gap is present lack of trade union activity covering all of a company's affairs.

The logic of the Bullock argument therefore is that what is needed are its company level trade union committees plus their Board representatives to spark a reform in British industry. The flaw in the argument is that, although the infrastructure may exist in an organisational way, it would be illogical to expect first that life in reconstituted Boardrooms would necessarily be harmonious and secondly that such harmony would suddenly percolate down to the shop floor. A lot of work would have to be done by both managements and unions in reforming their structures and modernising their methods for this to be effective, and the risk is that the political battles ahead on the subject are unlikely to create the environment for such advances. The danger of the Bullock approach has therefore not changed in the past year: it is that the tide of participation in British industry could be done untold harm by rapid over-exposure to the political hot-house of the next couple of years.



Leonard Burt

Lord Bullock

### THE LINE-UP ON BULLOCK

| | |
|---|---|
| **THE MAJORITY GROUP** | |
| Lord Bullock | Chairman of the Committee and Master of St. Catherine's College, Oxford. |
| Prof. George Bain | Director, Industrial Relations Research Unit, University of Warwick. |
| Mr. Clive Jenkins | General Secretary, the Association of Scientific, Technical and Managerial Staff. |
| Mr. Jack Jones | General Secretary, the Transport and General Workers Union. |
| Mr. David Lea | Secretary, Economic Department, Trades Union Congress. |
| Prof. K. W. Wedderburn | Cassel Professor of Commercial Law, University of London (London School of Economics). |
| Mr. Nicholas Wilson | Partner, Slaughter and May, solicitors. |
| **THE MINORITY GROUP** | |
| Mr. Norman Biggs | Chairman, Williams and Glyn's Bank, former chairman of Esso. |
| Sir Jack Callard | ex-Chairman, ICI. |
| Mr. Barrie Heath | Chairman, Guest, Keen and Nettlefolds. |

# MEN AND MATTERS

## Politics and Berry Wiggins

"An absolute coincidence," declared Bill McNeill yesterday, emphasising the point just in case any cynics still see his departure as Berry Wiggins' deputy chairman as another sinister element in the most bitter City tussle seen in a long time.

At the end of last week, McNeill was taking his leave of the company and was involved, but not involved in, the storm building up over the position of Ian Crabbie, the non-executive chairman, at this Friday. McNeill now wants to stay out of the fight, though he is a firm supporter of Paul Bristol, the BW chairman.

McNeill, who is 54, is moving on to work, unpaid, within the Conservative Party Central Organisation. He has long been an active party worker and thus one of three BW directors with either a past or present political role, an unusually high proportion for any Boardroom.

Bristol himself was a founder member of the Conservative Monday Club. That has a Right-wing image these days, but both Bristol's founding work and the manner of his departure (he left the club in 1967) betoken a point of view not always seen as typical grass roots Tory.

He started the Club to express backing for Sir Roy Welensky in Rhodesia and to encourage the concept of industrial democracy. He left because of his party colleagues' attitudes on Ian Smith, South Africa, and race relations in the U.K. And Berry Wiggins, whatever its recent financial problems, is proud that the union convenor at its Kent refinery is on the Boards of two subsidiaries.

Completely on the other side of the political fence from Bristol is Dick Douglas, another BW non-executive director. A Labour expert on energy matters, he was MP for Clackmannan and East Stirlingshire from 1970 until his defeat by the Scottish Nationalists in 1974; he is now prospective Labour candidate for Dunfermline.

As for McNeill, he is chairman of the Conservatives in the marginal Gravesend constituency, lost to Labour at the last election with a majority of 2,200.

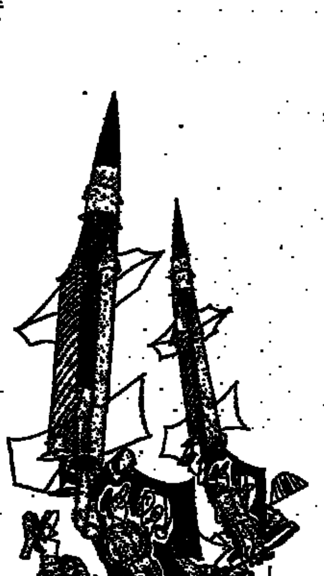
He was originally a representative of Gulf Oil on the BW Board, moving on to it full-time after Gulf sold out its 30 per cent. holding. He rose to be group managing director, but BW has since sold off most of its activities apart from drilling (and cut its London staff by half) so it was clear there was less and less for McNeill to do.

The nature of his new task for the Tories is not fully decided: he will work on "community and business affairs." That will take about half his time; he said he will continue involvement in the oil business. McNeill will at least bolster industrial experience at the Conservative HQ, which even with the devolution row, should be a more peaceful place than the Berry Wiggins at the moment.

## Dial industry

Members of the British CBI may not always give it full marks for effectiveness, but France's Conseil National du Patronat Française — usually known just as Patronat — sees itself locked in a constant struggle for attention against trade unions and Government. Now the Patronat has resorted to an unusual propaganda effort to get its message over.

Telephone users can dial a Paris number and hear a bulletin of the day's economic and financial news. But the Patronat does not pretend impartiality. It comments on each item, giving the employers' view, and interspersed at regular intervals is a slogan best translated as: "You are listening to the voice of industry." The CBI to copy?



"And the target is . . . No. 11, Downing Street!"

## No come back

Maybe looking forward has become too harrowing, for more and more companies seem to be taking time to dig into their pasts. The latest is the Edinburgh family concern of George Waterston, which started out as a waxmaker and has expanded into stationery and business form manufacture.

The company is stretching the anniversary theme a little by preparing to celebrate 225 years of existence. The exercise is diverting enough, nevertheless. The present managing director, a great great great-grandson of the founder, Eldred Waterston, has researched the company's history and come up with some piquant reports from the past which will adorn Waterston's 1977 calendar.

There is a nice line on inflation (or perhaps I should say on poverty) in an entry from a 1769 pay slip which shows that one James McMillan received from William Waterston, wax chandler, "two pounds twelve shillings sterling as one half-year's wages." The most historic item mentioned is from the first page of the company's Day Book, dated 1752, recording simply the supply of five and a-half ounces of "Fine Wax Flambeau" to the Duke of Hamilton at a cost of £7.3.0d.

But the one entry with a real ring of topicality is from the files for September, 1815: "Business dull—perplexed how to employ our men."

## Creativity

Here is another Scottish tale, but a completely up-to-date one. For some reason, of the £1,158,000 committed to the job creation scheme in Scotland, about £872,000 has been taken up by projects in Fife. "People who say that job creation has not been a success," says Dr. John Gilchrist, a regional councillor, "have obviously never been to Fife."

What a sad thought. But why Fife? To find the answer, the Government is sponsoring six graduates to investigate the situation. And their wages of £50 a week will come from the job creation fund. As you probably already guessed.

## Hazardous

Seen at Heathrow: schoolboy with suitcase labelled "Passenger to Singapore via Woking."

*Observer*

FINANCIAL TIMES SURVEY

Tuesday, December 14 1976

# Retailing

With pre-Christmas sales warming up but with a mini-Budget to-morrow, the retail trade may be excused some mixed feelings about its future. It already has to cope with a complicated array of official regulations.

## ~ocus ~or the ~ublic ~ye

~ Elinor Goodman, ~onsumer Affairs ~orrespondent

~E STATISTICS show that ~iling is Britain's second ~est employer and that it ~ounts for 10 per cent. of the ~ss Domestic Product. But ~ importance of retailing in ~ economy goes beyond this. ~s not only the final interface ~ween manufacturers and con~ner: it is also the place ~re Government's policies to ~trol inflation are seen to ~d or fall in the eyes of the ~lic, and one of the areas ~t immediately affected by ~ kind of fiscal measures ~uded in a Budget.

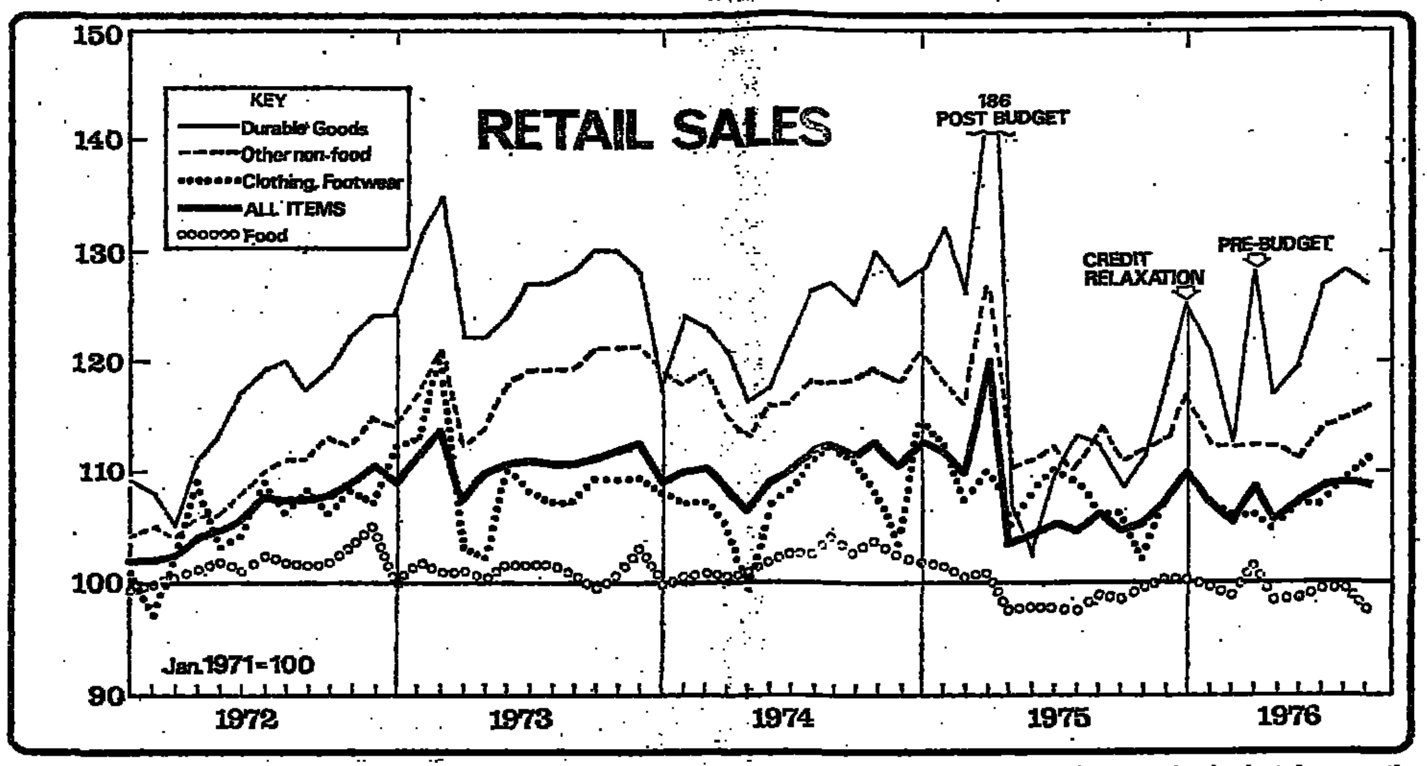
~or this reason, it is difficult ~ predict with any certainty ~t is going to happen in ~ailing next year before ~norrow's Budget. In the ~rds of one retailer, ~ Healey's measures could ~nge what looked like ~ng a poor year for sales, but a slightly better year for profits, into an extremely difficult year all round."

The different ways the Budget could affect retailing itself demonstrate the numerous factors which influence the industry. Though the immediate likelihood of a large increase in indirect taxation this month seems to have diminished, any moves to cut public expenditure would almost certainly dampen sales by increasing unemployment or putting further pressure on consumers' pockets. A further squeeze on consumer credit could have the same effect.

A rise in VAT is still a possibility of which the trade is very aware—even if Mr. Healey does not do it now, he could do it in April. The same is true of any duty on tobacco and alcohol. Alternatively, he could announce an increase in VAT to-morrow for implementation in the New Year. This would create a bumper Christmas, but could also crucify the clearance sales.

Against this, a cut in personal taxation next spring could give a boost to sales, as happened this summer when the tax rebates started being paid, while—looking towards next year—a further increase in social security benefits could also help stimulate demand. In the same way, some retailers are beginning to talk about the possibility of the social contract breaking before July and of the rise in sales—at least in the short term—which the higher level of wage settlements would presumably bring in its wake.

The retail trade is of course accustomed to having its predictions upset by Budget measures. And sales are in any case only half the story, since what is good for sales in the short term is not always good for profits or the economy in which retailers operate. But the whole year has been one of uncertainty with the customer also adopting new tactics to beat inflation.




Moreover, whereas in the past, the trade could generally assume that once the Budget was over the Government would not do much to affect retailing directly, now Government intervention relates to a far wider field. Price controls in their broadest sense and consumer protection legislation have *limited retailers' ability to* exploit market forces, thus imposing a new set of rules at a time when the trade was in any case having to learn how to operate in a market which, unlike in the boom years of the 1960s, was at best standing still in terms of volume.

Even ignoring the possibility of to-morrow's Budget depressing demand, few retailers believe retail sales will show any significant growth next year once the inflation element is deducted from the figures. The best many hope for is a repetition of this year when the underlying trend was basically flat but was occasionally enlivened (particularly since the summer) by special factors *such as the payment of the tax* rebate in the summer, the recent flurry of pre-Budget buying, the clearance sales, the tourist boom in London and some coastal towns—and, of course, Christmas.

According to the latest figures, the average level of trade in the first nine months of this year was fractionally below the annual average for 1975, with a recovery emerging in July from the lower levels of May and June. But 1975 was itself the second successive year in which the volume of retail sales had fallen. Volume last year was about 2 per cent. down on 1974 and this was the biggest drop in sales since 1958.

It may well be that when the figures for the final quarter are added up, sales will have shown a large enough increase in the last few months to bring the total for the full 12 months of 1976 slightly above the total for 1975. As department stores typically make half their profits for the year in the last quarter, the good Christmas now expected could make 1976 look better. But this will not be of much comfort to retailers who can remember the days when every Christmas was a "record," and who were, in some cases, only four or five months ago, adjusting their targets upwards for next year on the basis of this summer's stronger demand.

Now, with the rate of infla*tion not falling as hoped*, some retailers are revising their forecasts downwards on the assumption that real disposable incomes will continue to be squeezed and that consumers will cut back on discretionary purchases once the clearance sales are over.

Retailers of course are not alone in having to cope with static or falling demand. But while margins in most sectors of manufacturing have increased this year, the recovery has been slower in retailing. According to the Price Commission's data, the recovery in manufacturers' margins was well under way in the three months ending August 31, with net margins standing at 61 per cent. of their permitted ceilings in the second quarter of this year, as against 55 per cent. in the first quarter and only 50 per cent. in the third quarter of last year. For manufacturers, this 61 per cent. figure was the highest achieved since second quarter of 1974.

But net margins among the distributors monitored by the Commission showed a much smaller rise and are still standing well below their 1974 level. On average, distributors' net margins rose to 53.7 per cent. of their reference levels in the second quarter as against 51.4 per cent. in the first three months of the year. In the same period gross margins fell back to their lowest level since the Code was introduced.

The only sector of retailing which managed to increase significantly both its net and gross margins was the food shops, but even they are still well below their reference levels. For the great majority of retailers, therefore, the Price Code is not restricting either their prices or their profits. Except in special cases—and there always will be some companies which do exceptionally well—competition is what is keeping prices down and not the Price Code. The same was true for most retailers even before the Code was changed this summer. The contribution of the Price Code to the state of the industry is that it prevented—as indeed it was supposed to—retailers making very high profits when the going was good and has thus left them less to fall back on in leaner times.

Negotiations will begin shortly on the new system of price controls which, it is hoped, will replace the present Code next summer. The retailers will again argue that price controls are irrelevant and that competition is the real restraint on their prices. But though the new Prices Secretary, Mr. Roy Hattersley, is apparently anxious to get away from the present rigid system of gross and net margin control, the Government is certainly not going to step out of the prices arena altogether.

### Favoured

The option apparently favoured in the Department of Prices is some system of surveillance, under which retailers might still have to submit information about profits regularly, but would not be bound by the same inflexible ceilings as at present. The Price Commission — or more likely some new Prices Board—would then have power to examine particular increases against a new set of criteria.

Though most retailers would prefer almost anything to the

CONTINUED ON NEXT PAGE

# Government intervention

GOVERNMENT intervention, in the words of one retailer, "is the cross the trade has to bear for being the sector of the economy where the buck finally stops." Unlike some of his colleagues, he accepts this philosophy as being an integral part of operating in a business which makes its money out of selling goods to the public, but not all retailers would share his tolerance. They feel they are the fall guys in a situation which has far more to do with Government mismanagement than profiteering in retailing.

While it is difficult to see any bargaining card they can pull out in negotiating with the Government, some retailers feel they have accepted this role too easily. They point to the fact that retailing was, in 1974, the only sector of industry to have found the price code tightened round its neck rather than progressively relaxed, and too numerous other examples of what they see as Government interference, such as the new discount controls on bread, the introduction of multi-rate VAT, and this year's price check scheme.

All too often, they argue, the Government is imposing schemes on the industry which though in theory are aimed at helping the consumer ultimately cost the retailer money and *thus* add to prices. The consumer credit legislation, they would claim, for example, has created a network of new rules and paperwork which has ensnared not only the less honest money lender but also a wide range of small traders who never deliberately set out to mislead their customers.

Obviously there are two sides to any argument which involves consumer protection and some of the measures which have been introduced over the last few years, like some of the new voluntary codes of conduct, are a reflection of the failings of various sectors to live up to the standards which the much more aware consumer of to-day is now demanding. As a customer, it sometimes seems that competition is not in itself a guarantee of good service.

But as the trade frequently points out, it does not only have to bear the burden of its own mistakes. Take metrication, for example. Hardly anyone wants it, as was indicated when the MPs finally got round to voting on it this year, and successive Governments have been reluctant to risk upsetting the electorate by taking the necessary measures to speed up the introduction of metric units. Yet the retail trade was asked to start using the new measures voluntarily even though the great majority of their customers probably *much* preferred the old familiar Imperial system.

## Metric

Some retailers who began offering textiles in metres even went back to yards because they found they were losing business. But much as many retailers would prefer never to have heard of the word "metre," the general feeling now is that the Government should give a positive lead — as, to be fair, it has tried to do recently — and ensure that the introduction of metric measures does not result in a kind of confusion and general ill-will to all shopkeepers, which followed the switch to decimal currency in 1971.

Some retailers also feel they got the worst end of the public's tongue over the much publicised Price Check scheme. The package, under which manufacturers and retailers voluntarily limited price rises on particular products to 5 per cent. in the six months to the end of July this year, was, despite months of negotiations, nothing more than a cosmetic exercise. Most of the product included in the package would not have gone up by more than 5 per cent. anyway and therefore the retailers did not have to absorb any significant price increases in their profits.

But the publicity behind the scheme *suggested something* rather more impressive than this, and some retailers found themselves behind, blamed by the public for the scheme's failure to live up to expectations. Even so, five months after the official end of the exercise, some shopkeepers seem determined to keep the red triangular Price Check signs in their windows until they fall off from old age.

Administratively irritating as Price Check may have been in its early days, it would not have caused the outcry in the trade there was had it not been for the fact that, in their view, retailing was already more than adequately controlled by the Price Code. When the Code was first introduced in 1973, retailers had a considerably easier time than manufacturers. Instead of having to apply to the Price Commission each time they wanted to raise their prices, they were controlled on their gross margins as well as their net margins

At a time when the prices of the goods they sold were going up faster than their costs, the original control on gross margins was, though a restraint on freedom, not the problem for the industry which a control on cash margins would have been. But in 1974, shortly after taking power, the Labour Government decided to order an across-the-board reduction in gross margin ceilings of 10 per cent. For some retailers this caused real problems and the effect of individual groups having to cut their prices to comply with the margins controls was to spark off a price war in certain sectors of the industry.

By last year, however, the Code was becoming an increasingly academic problem for most retailers. Competition and rising costs saw to that. This did not mean that many traders dropped their opposition to the Code. In bad times for trade they see it as an unnecessary administrative burden and in good times it is blamed for having creamed off the top-level of profits. The mere existence of such an inflexible code, they argue, is enough to create a climate of uncertainty ill-suited to investment.

Although when the code was being renegotiated this *spring* the controls were only biting directly on a minority of retailers, the Retail Consortium vainly began its discussions with the Department of Prices by saying that the Code should be dropped completely. From the start, the abolition of the Code was not on from a political point of view though in the spring, the then Secretary of Prices, Mrs. Shirley Williams genuinely seemed interested in radically changing its structure.

In the event the Retail Consortium got less than it wanted out of the negotiations but rather more than some members had realistically expected. According to the Price Commission, the modifications would theoretically permit industry's profit margins to more than double their present level. And, as retailers did no worse than manufacturers out of the changes, presumably they too have the scope to double profits. The inclusion of shop premises in the investment projects qualifying for investment relief under the Code was of great help to retailers—typically this accounts for more than 50 per cent. of their capital expenditure—as was the new treatment of stock profits.

Even so, the Consortium will again begin its negotiations over what will happen to price controls next year by stating its total opposition to any form of control. Competition, it will repeat, has been the real restraint on prices for the last 18 months and, in this situation the Code is an "expensive irrelevancy."

Looking to a future period when demand might recover, it will argue that the retail industry must be in a position to achieve better profits than the present code allows. More important, perhaps, it will argue for industry's need to operate more flexibly: it is not so much that retailers have any immediate hope of a dramatic increase *in profits, but rather* that they want the *freedom to* raise their margins when the particular circumstances allow—there are still one or two companies who could do with this freedom even now.

While the new Prices Secretary, Mr. Hattersley, has made it clear that he regards some form of price control as an integral part of the Labour Government's interventionist policies, the retailers' stress on the word "*flexibility*" *may* strike a chord in his heart. He too regards the present code as too rigid, and outdated. Ideally he seems to want some new form of control which would do away with the present system of gross and net margin controls and rely more on special inquiries into specific price rises or individual sectors.

## Yardsticks

Retailers and *manufacturers* would probably have to continue providing the Price Commission—or more likely some new Prices Board—with profit data but this could be for information purposes rather than as a means of ensuring that companies are kept within rigid profit limits. Exactly what criteria the Prices Board would use either to decide whether a price increase or a profit margin was too high is not yet clear, but the intention seems to be to make them more flexible than at present. The criteria could also include some new yardsticks, such as whether a company was exploiting its monopoly position or whether inefficiency was contributing to higher prices.

On the surface any system which is designed to be more flexible than the present code might seem to have considerable attractions for industry. But there is a feeling that flexibility could go too far and get confused with discretionary powers for the Department of Prices. Retailers would prefer almost any system to the Price Code but Mr. Hattersley's recent actions to effectively block a retail price rise on bread has alarmed some retailers. They feel that he is a much more ruthless operator than his predecessor at the Department of Prices and that he might be prepared to exploit any new more flexible system for his own ends when the political heat was on.

*The negotiations* over the new controls will begin shortly. There is still the possibility that Mr. Hattersely will not ultimately be able to get rid of the present code — *either because* of lack of parliamentary time or because the unions will demand the continuance of both profit controls *and the present* system for manufacturers of clearing price increases with the Price Commission. But he would evidently be disappointed if this were to happen, though he has shown since he took over as Secretary for Prices that he regards the Prices Act — the other main weapon in his armoury — as a useful device to use in special circumstances.

The worry among some retailers is that Mr. Hattersley will be tempted to follow the example of some European countries and put the weight of any new controls on the retail sector. Already, the Department of Prices *is talking* about a wider look at the question of the discounts retailers get from their suppliers. The Department's concern seems to be that the biggest discounts do not always go to retail customers which are cheapest to service from the manufacturers point of view.

Such an inquiry would take the Department—or more likely the Monopolies or Price Commission — in to a very complex area of retailing and while some traders regard the present system as unbalanced, few would welcome a probe into what they consider is a particularly private part of their business. Many retailers, particularly supermarkets, make the bulk of their profits on a very small range of products. If the Government were to restrict discounts and profit *margins on any of these* products, it could undermine many of the established practices in the business.

**Elinor Goodman**






# Focus CONTINUED FROM PREVIOUS PAGE

present set of controls, some *alarm bells* have already started ringing in industry at the idea of a more discretionary system, which some feel, could mean that their prices could be pounced upon from above for no reason but that the political heat was on, say, clothing prices at the time.

Price controls apart, the key to profits in retailing, as in any industry, is the relationship between costs and sales. In the early part of 1974, retail prices were going up faster than retailers' costs in terms of cash, and profits, as a result, rose. (It was partly this profits increase which lead the Labour Government to reduce retailers' gross profit margins by 10 per cent. that year.) In 1975, however, costs raced ahead of sales, largely as a result of the impact of Stage Three and then the £6 limit on what was historically a low-pay industry.

For food retailers, the £6 settlement meant an increase on their wage bills of between 23 and 27 per cent. and this was on top of a 46.5 per cent. increase arising from Stage Three. This year the difference between the increase in costs and cash sales has narrowed with costs outstripping sales in the first half of the year but slowing down in the second.

Assuming there is no great fall in sales volume next year, the outlook for costs is better. The £2.50 limit on wage settlements means that retailers will be faced with an increase of around 9.5 per cent., which will be the lowest for three years. And, as wages represent about 60 per cent. of all their costs, this means costs should go up more slowly than cash sales for the first half of the year at least even though some other costs may show sharp increases—the prospects on rates is hardly encouraging. The danger is that *if demand falls away*, so too could the benefits of a slower rate of cost inflation with retailers reducing their margins in a bid to get a bigger share of a smaller cake.

Retailers should also benefit from the *cost-cutting* exercises they have carried out over the last few years. Some indeed would admit that the Price Code has forced them to be more efficient in some ways, though they would argue that the consumer may have suffered as a result. The rate of shop closures has accelerated dramatically among some of the big groups—particularly in the food trade—and staff have been laid off. Between March 1975 and *March of this year*, for example, the number of people employed in retailing fell by 1.9 per cent., while in the 12 months to June 1976, the *fall* was 2.2 per cent.

The pressure on costs has also contributed to the great debate in certain sectors of retailing as to where the shops of the future should be located. The argument has tended to be focused on the food trade but it is a matter which could have repercussions for many other sectors too.

The big supermarket groups like Tesco and the Co-op argue that if the Government wants to protect the consumer from inflation, then it must encourage local authorities to relax their attitude to shops built outside the main existing shopping areas. Only by going outside the expensive and congested High Streets and building larger stores, they claim, can they reduce their costs and so offer the housewive both the prices and the convenience she wants. The big retailers seem to have got one step nearer winning their case this year with the Government's publication of a proposed new circular to local authorities on large shopping developments. This circular would, if adopted, in some ways make the local authorities' role in deciding whether or not large stores should be built even greater *than at present, but it* also incorporates the Government's view that retailing developments, which extend choice in shopping, allow more efficient retailing and offer better service are, in general to be welcomed.

But even if the big supermarket groups do put the emphasis of their investment in the future on stores built outside town centres, it seems unlikely that British towns will be robbed of almost all their shopping facilities, as has happened in towns in the U.S. Though British Home Stores and the Lewis's group are involved in hypermarket development as well as town centre development many non-food operators, like Marks and Spencer and some of the department store groups, believe that the town centres will remain a magnet for shoppers for the forseeable future—particularly if new shopping centres can be built within towns.

Moreover, even if the big supermarkets move out of the town centres, the independent grocers are likely to stay where the people are and by doing so may even gain a new *lease* of life thanks to the convenience they offer the housewife. This in turn could result in a polarisation in food retailing between the larger superstores and the small independents.

The *last* 12 months may not have been easy for retailers but they have not been without their bright spots. The recent flurry of what shoppers thought was "pre-VAT" buying has helped certain sectors while the crowds of tourists in London have made 1976 the best year ever for many West End stores. The new district shopping centre opened at Brent Cross in North London has exceeded most people's expectations. But for most retailers, these are just successes they read about in the newspapers.

Compared to 1975, the last 12 months have not been bad and, in some cases better than expected. Thanks to the VAT scare, *Christmas may turn* out to be very good. But compared with almost any of the 14 years before 1974, the past year would not get much more than a one-star rating.

# RETAILING III

## USDAW flexes its muscles

I AN estimated 2.5m. e working in an industry ious for its low pay, long and poor working condi- it is somewhat surprising unionisation of the retail workforce has in the past so ineffective.

: there are indications now this is changing, with the ı of Shop, Distributive Allied Workers, the ıant union in the retailing try with a total member- of over 400,000, at last ning to make significant ds into unionising retail- orkers. The union is, how- fortunate that its current itment drive and success oincided with three signi- developments affecting ıdustry.

e first is the implications of pay and sex discrimina- legilation introduced at beginning of this year h, because the bulk of the r orce in retailing are en has had a substantial ct.

condly, the obvious union eg of unionising large p of workers in multiple and department stores to ene the logistical prob- of negotiating for scat- pockets of members, has given a considerable boost Trade Union and Labour ons Act which has made l shops legal again, ıgh cannot force em- rs to grant closed shops y.

rdly, the union has been d by a growing determina- from the Department of oyment to enforce mini- wage levels laid down by s Councils. The Depart- s inspectors have recently carrying out a "wages on low-paying employers ailing by visiting towns at m and making random s on wage levels in particu- ops.

these factors, and W's current innovatory re- ng technique of advertis- r members on the London rground stations, must be against the considerable problems of unionisation in retailing. These problems can be grouped in three main areas.

First, they cover the structure of the industry, notably the small size of retailing units of which there are about 500,000 scattered throughout the U.K. Even where several units are grouped together, such as in High Streets or shopping precincts, the employees often do not see themselves as having common interests.

### Drawbacks

Then there are the drawbacks to unionisation arising from a high level of labour turnover, and the fact that a large proportion of employees are part-timers and women. Moreover, in small retailing units, employees and employers are likely to develop close personal relationships which make it less likely for the employees to see the need for an outside body to represent their interests.

The unions believe it is a mixture of these factors which makes retailing a particularly difficult area in which to organise. Especially is it the structure of the industry which provides the greatest deterrent to effective union organisation.

Small shops scattered over the whole geographical area of the U.K. make union attempts to contact staff extremely difficult. Even when some membership is established the scatter of small units poses great problems for the collection of dues and maintenance of contacts with members for consultation and participation in union activities.

The exception to this general rule lies in the large department stores and some of the multiples where there is a greater concentration of employees. But even in this sector the decline in employment in the Co-ops, where management is sympathetic to unions is an adverse factor which threatens their ability to maintain existing membership.

And even among the multiples, the structure of companies can present organisational problems because in many the total workforce is distributed in relatively small numbers throughout the country.

These problems are even more acute when the union is fighting to achieve recognition. Much travelling and concerted recruitment activity is needed to achieve a high proportion of members throughout the company and the holding of meetings or organising action to support a claim similarly requires considerable resources of time, money and effort. Nonetheless, within multiples union difficulties are not of the same order as those faced in the small shop sector.

Union organisation is also hampered by the exceptionally high turnover of employees in retailing. Union membership is easily lost as a consequence of high staff turnover undermining any union organisation that is established. USDAW estimates that it loses no less than one-third of their membership each year. In 1973, for example, the union recruited 123,525 members but the net gain was only 1,436.

The Bakers' Union also estimate that in South Wales, where their retail members are mainly found, that they have a turnover of almost 100 per cent. a year. This high rate of membership turnover is almost entirely a reflection of the high labour turnover of the trade.

An USDAW study of membership recruitment and losses surveying 26,912 members who lapsed from its central office-administered branches found that almost 90 per cent. of the lapses could be explained by labour turnover. The only area where this factor has not affected the union's ability to organise have been stores where closed shop agreements have been negotiated.

The significance of the high proportion of part-timers and women for union organisation is less clear. Some union officials suggest that part-timers and women can be recruited as readily as any other groups of employees if they are working in large units and there are reasonable conditions for organisation.

The multiples certainly have as high or higher proportions of these groups than the average for the trade. The Bakers' Union claims to find women easier to recruit than men in their manufacturing areas. Nonetheless, these groups do present substantial problems for unions. Part-timers may be difficult to contact by an occasional visit to a store: women and part-timers may have less experience of union organisation or they may see their interests as distinct from other groups of employees and not be convinced that the union can or will adequately represent their point of view.

Union recruitment is also hampered by what seems to be a generally accepted attitude in the industry that in small shops neither the employer nor the employee is likely to see any value in union membership. And a manager with hostile attitudes to unions is in a position to make organisation exceptionally difficult for his employees. Because contact with staff is a major problem for unions, a management attitude which encourages union organisation or provides facilities for meetings, will often be extremely important for the establishment of membership and organisation.

Set against this background, USDAW's 25 per cent. membership growth over the past three years—making it Britain's seventh largest union—reflects the extent to which it is now overcoming these problems, mainly by concentrating on the larger multiples and department stores as well as by negotiating closed shop agreements. Moreover, the union is gradually changing its structure to enable more effective organisation by creating smaller regions, and developing its trade group organisation.

Lord Allen, USDAW general secretary and chairman of the TUC's powerful economic committee, explains the union's recent growth: "USDAW's progress in the High Street can be seen from our effective opposition to an extension of Sunday trading, by the introduction of unsocial hours payments for Saturday work, the maintenance of negotiated wage standards for sales staff and major advances in equal pay. This progress has gone hand in hand with an increased union membership."

**David Churchill**
*Labour Staff*

## Distribution costs

PHYSICAL DISTRIBUTION management (PDM) became a fashionable management philosophy some five years ago, when the BIM set up the Centre for PDM. Since then it has been the food industry that has developed the most innovatory ideas in the PDM field. Not only does this industry include, among both suppliers and retailers, some of the most efficient companies in the country, but narrower margins have imposed an urgent need to effect economies in operating costs. Thus we have seen the emergence of caging—the most dramatic technological device in retailing for decades—computerised vehicle scheduling schemes, and the rapid development of specialist distribution service companies.

Now some of the non-food industries, keenly aware of the success of the food industry in applying these techniques, are beginning to improve their own distribution methods. In textiles, the development of the hanging garment method of distribution is a case in point. Traditionally, clothing was put on a hanger in the factory when it was made, boxed, wrapped and labelled, and sent off by rail or carrier. When it arrived at the shop, it had to be unpacked, stored, pressed and displayed. Tibbett and Britten, the textile distribution subsidiary of SPD, has developed the system whereby the garment, on its hanger, is carried on railed fixtures from the supplier on to the vehicle, into the distribution depot and thence to the retailer.

Not only are there substantial savings to be made over the traditional method in packaging, handling, transit and security; the hanging garment system is leading to changes in the proportion of selling to non-selling space in textile retail outlets. In effect, in terms of this sort of merchandise, we are moving rapidly towards the elimination of the High Street stockroom. And with to-day's High Street occupancy costs, not unexpectedly this is welcomed by the retailer.

Tibbett and Britten has been operating for some years, but acceptance of the system by the retail trade in general came when the major variety chains—Marks and Spencer, British Home Stores, and Littlewoods—decided to merchandise off the rail. It has been reinforced by the moves into the textile market by some of the grocery multiples, notably Tesco and Fine Fare.

More recently a similar sort of dramatic reappraisal has been given to china and glass distribution. The traditional method of handling fragile items of this sort has been to pack in tea-chests with quantities of sawdust and packing material. This has been expensive in handling and labour costs. Now another SPD subsidiary—Carrycare—has been set up as a specialist distribution service for china and glass products, and specifically to cope with the problems arising from the traditional parcels carriers for the distribution of fragile products to the retail trade.

The china and glass business has changed radically from a number of old family businesses into more efficient manufacturing and marketing groups. At the same time the emergence of powerful multiple retailers has encouraged a move towards more rational ordering, stockholding and supply systems. Against this changing background Carrycare is finding its rational distribution methods increasingly accepted by supplier and retailer.

One aspect of the system is the abandonment of the traditional teachest method and the use instead of disposable fibreboard trays. These are supplied to manufacturers who use their own staff to pack them. No packing material is used; the flatware and holloware is simply placed on to 7-inch and 11-inch fibreboard trays, then carefully stacked on to caged pallets and collected by the vehicle. Their first stop is the central depot at Newcastle-under-Lyme where they are sorted; from there deliveries of the trays are made direct to the retailer within seven days. Savings are made in packing materials and in handling costs by both the supplier and retailer.

In textiles and in china and glass, these changes are being made in distribution methods not simply because the materials adapt themselves readily to improved handling systems. That is only half the story: fundamentally it is the changes in marketing methods, the merchandising policies of the dominant multiples and variety chains which themselves demand faster throughput, improved stockturn and better inventory control.

Looked at from this standpoint, it is likely that furniture will be the next merchandise group to experience improved distribution. Again the pressures are coming from the marketing end—changing retail outlets including large-scale edge-of-town specialist furniture retailers, and new merchandising methods such as knock-down furniture kits.

Probably the most effective single innovation in PDM in the last few years has been the use of caged pallets in the food industry, especially by superstores and hypermarkets. In the food business the traditional system has been for the supplier to pack small units in expensive one-trip outer packaging, and the retailer to break bulk and manhandle cases, either at central warehouse or store level. The merchandising process destroys the expensive outer packaging so that the products can be attractively displayed to the customer. More important, the large quantities of individual units sold make the placing of goods on shelves or stacks the most labour intensive activity in the store.

Developed by Asda, the system now involves the merchandise being packed by the supplier into metal "cages" which can easily be loaded by forklift truck on pallets into the distribution vehicle, delivered direct to the retailer, and unloaded if necessary straight on to the sales floor. In many instances the merchandise is already priced by the manufacturer.

The retailers claim substantial advantages from this system; savings in labour costs, particularly in unloading and shelf-filling, and greater turnover of the caged items; and a substantial shift in the proportion of selling to non-selling space, since the need for storage is reduced. Prior to caging, Asda superstores were mostly 50/50 selling/non-selling; they are now achieving 75/25. Tesco, whose 102,000 square feet hypermarket opened earlier this year at Irlam, claim that as a result principally of extensive caging, they have cut 1-1¼ per cent. from a total wage bill of 6 per cent. of turnover.

### Suppliers

Suppliers, however, are by no means so euphoric. While recognising the logic—from the retailer's point of view—of the elimination of the packaging material and accepting, with some reservations, that they are saving on their merchandisers' costs, they regard with notable lack of enthusiasm the requirement by the retailer to pre-price. They also consider that the need to hold different levels of stock—perhaps differently priced—for a number of major retailers is going to put up their stockholding costs and complicate their administration.

But this kind of resistance should be seen in the light of the gradual shift of power from the supplier to the mass retailer which has been taking place in the food industry over the past few years. Not that the mass retailer is in any sense victorious in this confrontation; what is happening is more in the nature of a sustained dialogue which, with both sides realising that there are substantial gains to be made from improved distribution, is both civilised and sensible.

In the light of the assertion recently made by John Williams of the National Materials Handling Centre, that 73 pence out of every £ we spend has gone on movement and storage, compared with 27 pence on the conversion of raw materials into the final product—then such a sustained dialogue is not merely useful but essential.

**Edward McFadyen**
*Editor, Retail & Distribution Management*

# Footwear under scrutiny

THE FOOTWEAR retailing sector has found itself increasingly under the public spotlight since a Government-sponsored report recommended in June that the British Shoe Corporation chain of outlets should be broken up. Mr. Roy Hattersley, the Prices Secretary, is understood to be currently considering whether profit margins of footwear retailers as a whole should be referred to the Prices Commission.

British Shoe was the creation of the 1950s and 1960s when Sir Charles Clore, in a series of spectacular and often dramatic takeovers built up a chain of more than 1,800 outlets. Names such as Dolcis, Lilley and Skinner, Freeman Hardy and Willis, True Form, Manfield and Saxone became part of his empire.

But in recent years there have been other important changes in the sector, with a rapid growth in mail order business and the entry of an increasing number of non-specialist retailers, such as the general multiples, clothing stores, and even grocery chains.

## Outlets

Debate about the relative importance of the various types of outlets is confused by the lack of official statistics on market shares. The latest percentage breakdown of the total footwear market derives from the 1966 Sample Census of Distribution. The 1971 Census provides information only on the number of retail shops, as more detailed statistics have yet to be published.

Attention has been turned towards the retail sector because of the plight of the British manufacturing industry, which has suffered under the impact of weak demand and an upsurge of imports.

With a large proportion of the industry on short time, and many workers only in jobs as a result of the temporary employment subsidy, the Government set up a tripartite body to seek a strategy for survival. The footwear study steering group, on which unions, *management, and the Department* of Industry are represented, should complete its recommendations this month. Firm proposals about the retail sector seem unlikely. The group will probably sidestep that issue and leave it to the Government to decide whether further action is necessary.

It was a report commissioned by the Department of Industry to help the Group in its research *that focused attention on* British Shoe. The Economists' Advisory Group of management consultants came to the conclusion that the corporation's "monopoly position" had been detrimental to the manufacturing industry and beyond.

The very size of British Shoe gave it a bargaining power that distorted the balance between manufacturing and distribution, EAG maintained. "So long as that power remains distortion is inevitable."

According to the management consultations, the corporation's outlets handled 20.8 per cent. of the £862m. of footwear sales last year. More than that, EAG argued that British Shoe's influence also derived from the fact that its outlets were overwhelmingly sited in prime High Street locations and that sales were focused upon the fashion market, and particularly the 15- to 25-year-olds.

Indeed, the consultants suggested that British Shoe's strength as a purchaser had enabled above-average profit margins to be made in footwear distribution in general and by *the multiples in particular.*

"In our opinion, any footwear retail chain in the country with more than about 300 to 400 shops may be in a position to exert undue influence on what is, by its very nature, a fragmented supply industry." Accordingly, the consultants came out in favour of the break up of British Shoe into six separate chains and recommended that the issue should be investigated by the Monopolies Commission.

**SHOPS SELLING FOOTWEAR**

| | Men's and Boys' | Women's Girls' and Infants' |
|---|---|---|
| Grocers and provision dealers | 2,466 | 2,380 |
| Other food retailers | 31 | 29 |
| Confectioners, Tobacconists, Newsagents | 218 | 240 |
| Footwear shops | 11,490 | 11,394 |
| Men's and boys' wear shops | 2,694 | 570 |
| Women's, girls' wear, household textiles and general clothing | 4,149 | 6,514 |
| Household goods shops | 558 | 423 |
| Other non-food retailers | 2,342 | 2,570 |
| General stores | 2,791 | 2,792 |
| Total | 26,649 | 26,903 |

Source: Census of Distribution, 1971, Part I, Table 9a.

Vigorous rejection of the criticisms has been made by British Shoe in a confidential report to the Department of Industry. The most likely result of the remedies suggested by the management consultants would be the closure of most or all British Shoe's manufacturing operations with the loss of around 4,000 jobs, the company claims.

Retail operations were closely integrated with centralised warehousing and distribution activities. It would be almost inconceivable that if six new independent retails were to take over the chain they would be willing to share warehouse *and distribution facilities with* their rivals.

Indeed, British Shoe maintains that it is the integrated nature of operations and the support of retail chains that has enabled it to maintain its manufacturing capacity.

The corporation's detailed rejection of the criticisms that it enjoys a monopoly position gives a good insight into how the industry's biggest retailer views market developments.

Attention is drawn to the increasing part being played by non-specialist retailers. In recent years chain stores such as Marks and Spencer, British Home Stores and Littlewoods had greatly increased their level of activity, first in basic lines and more recently in the more popular *footwear*. Other important outlets such as Boots were now entering footwear for the first time, while department stores were also expanding shoe *departments.*

"The very names of these retailers are enough to demonstrate that they have all the advantages of established position, reputation, spread of interests, retailing skills and a 'captive audience' in the shape of customers already in the store for reasons other than footwear purchases. British Shoe is, in its daily business, acutely conscious of their growing presence, and they have in no way been deterred by British Shoe's allegedly dominant position or by any barriers to entry stemming from that position," the corporation declares.

Another retail trend which could work against the interest of the corporation is also spotlighted: the decline in the relative importance of the traditional high street locations as new shopping centres and precincts have been built.

The company's report notes: "General chain stores such as Marks and Spencer, because they *are large diversified outlets that* are attractive to those responsible for negotiating leases in new shopping centres, are better able to establish themselves in the new centres than are specialist retailers such as *British Shoe.*"

Figures presented by the corporation show the considerable increase in the importance of mail order as a competitor, with a rise in market share from 8 per cent. in 1961 to 10.5 per cent. in 1966 and 14 per cent. in 1973.

Sympathy, at least for the case that a break-up of the retail chain would cause a loss of manufacturing jobs, has come from the trade unions in the industry. *In a separate* submission to the tripartite Footwear Study Steering Group, the unions recommend that British Shoe should be encouraged to enter into a voluntary planning agreement with the Government.

Mr. Bert Commerford, president of the National Union of *Footwear, Leather and Allied* Trades, has stressed the need for the manufacturing sector to establish a dialogue with retailers and distributors. He maintains that, if only a small percentage of additional orders were placed with the home industry, it would go a long way to easing employment problems.

Backbench Labour MPs have also been pressing the Government to make use of planning agreements or the National Enterprise Board as a quick way to help the industry. Certainly any investigation of footwear retailing by the Monopolies Commission, even if that were considered necessary, would take anything up to perhaps two years.

The Office of Fair Trading, which monitors on a regular basis the performance of many of the nation's biggest companies, is unlikely to finish its own investigation until next year. Chances of a consequent reference appear slim.

The Government may choose as the easiest option reference of the sector as a whole to the Prices Commission. This would enable a quick but effective inquiry to be undertaken. Independent investigation would provide the opportunity to elicit more facts as to whether or not footwear retailers do enjoy higher profit margins and the extent to which that might be due to efficiency or market position.

**Arthur Smith**

# Variety chains widen range

TIME WAS when the distinction between the multiple, selling its own specific and clearly defined group of merchandise, and the variety chains selling practically everything was a very sharp one. Now, with merchandising boundaries becoming progressively blurred, the distinction is almost meaningless.

With Boots selling do-it-yourself wine-making kits and W. H. Smith toys, it hardly seems surprising that Marks and Spencer should be trying its hand with books (even though they are the sort of books whose subjects range from dogs at one end to gardening at the other and this could hardly be described as adventurous). Practically everybody, of course, sells tights.

But the prize for product range extension—certainly in the variety chains proper—must go to Woolworths, which in the past 18 months or so has tried to lift its image from "cheap and cheerful Woolies" to a level which, if not exactly upmarket, is seen to be competing seriously with other High Street household names without requiring from us too great a suspension of disbelief.

Essentially what the company aimed to do was to move away from a range of somewhat arbitrarily chosen low unit cost items (an average transaction was less than 60p at the beginning of 1975) into areas such as consumer durables, *clothing*, leisure goods, and DIY — in effect the territory of the department stores and the High Street specialists. The target they have set themselves is to compete directly with, for example, British Home Stores in lighting and fresh cheese; Boots in toiletries; Littlewoods in children's clothing.

## Television

To achieve this objective Woolworths became one of the biggest spenders in advertising—and especially in TV—in the High Street. In the year to February 1976 it spent around £1.5m., of which more than 80 per cent. went on television advertising. Eight merchandise areas were tackled: women's and children's fashion, household textiles, gardening, audio and records, furniture, leisure, DIY and fresh foods. Like Marks, Woolworths enjoys close relationships with its suppliers; in this massive promotion campaign it shrewdly acquired suppliers' financial support in providing a share of the cost.

This exercise in using television to "smash the glass case surrounding people's minds about Woolworths"—as its advertising agents Allen Brady and Marsh put it—certainly produced results. In the year to January 1976 they secured a turnover increase of 24.2 per cent., compared with 18.5 per cent. average increase in U.K. retail sales. Up to that time lack of volume growth had seemed an insuperable problem for the company. The "Wonder of Woolworth" however—somewhat understandably—has lost some of its momentum and this year turnover increases have ranged from 16.3 per cent. to 18.1 per cent. over the corresponding periods of last year.

Littlewoods decided in 1972 that it would do the reverse and in fact cut both the range of goods offered and the gross margins. Slow selling lines like toys and fancy goods were dropped and the overall range cut by a third. Big selling lines such as tights and ladies' knitwear were given more shelf space than before and buyers were encouraged to buy in depth those lines that they thought would sell well, rather than a wide but shallow range.

Littlewoods have now become a significant force in the High Street; turnover is now roughly the same as BHS although in 1970 sales were running £25m. behind. But they are still stronger in the North of England than the south.

Marks and Spencer, firmly established in knitwear, women's fashion and home furnishing, has also extended its range this year into new areas, such as carpets, custom-made curtains and crockery. It is now selling gift vouchers and — surprisingly *for a company noted for* its disdain of advertising — is reported to have a £100,000 budget for advertising them. Over the past financial year Marks has done especially well in food, where its sales gain of 24 per cent. (including price

CONTINUED ON NEXT PAGE

# Food margins improve

[T]HERE might, on the face of [it,] seem to be a certain irony [in] the fact that food retailers, [wh]ich have long had the repu[tat]ion of operating in the most [com]petitive sector of retailing, [sh]ould have been the only sector [in] the trade to significantly in[cre]ase both its net and gross [pr]ofit margins in the summer. [Th]e recovery seems particularly [an]omolous in view of the fact [th]at the food trade has not [be]nefited to the same extent [fro]m the special factors which [hel]ped boost other retailers' [sal]es in the early autumn, and [by] the reports of housewives [do]wntrading to cheaper pro[du]cts in an attempt to beat [inf]lation.

[Y]et, according to the Price [Co]mmission's figures, Britain's [big]gest food and drink retailers [ma]naged to ease their gross [ma]rgins up from 93.9 per cent. [of] their permitted profit ceilings [in] the first quarter of 1976 to [9]5 per cent. in the second [qua]rter. In the same period [gro]ss margins among all the [ret]ailers monitored by the Com[mis]sion fell from 90.5 per cent. [of] their reference levels to 89.2 [per] cent. with the food and [dri]nk wholesalers' gross margins [als]o showing a small fall.

[N]et margins showed a similar [im]provement for the big food [ret]ailers. On average they rose [fro]m 52.4 per cent. of their [ref]erence levels in the three [mo]nths to the end of May to [6]0 per cent. in the second [qua]rter. Excluding figures for [the] final quarters of previous [yea]rs (which are always boosted [by] pre-Christmas trade), this [wa]s the highest level achieved [sin]ce gross margins ceilings [we]re cut by 10 per cent. in 1974. [N]et margins among wholesale [foo]d and drink companies also [ros]e, and for both sectors the [im]provement was well ahead of [the] average rise reported for [all] retailers, though the per[for]mance of the whole distribu[tiv]e category is distorted by the [ver]y uneven record of garages [mo]nitored by the Commission. [Ev]en so, there is little doubt [tha]t the food trade staged the [nea]rest thing to a recovery seen [in] the retail sector in the [sum]mer.

[T]he reasons are multifold. [Fo]r a start, it should be remembered that food retailers have always operated on lower margins than most other shops. Their gross profit ceiling permitted under the Price Code is only 20.1 per cent. on average, and their net profit reference level an average of only 3.7 per cent. as against 12.6 per cent. for other retailers and 5.2 per cent. for dealers. (Even so it is higher than that of their wholesale suppliers whose average net reference level is a paltry 2.6 per cent.)

Despite the recovery in the summer, food retailers are still only making an average of 2.3p for every pound of groceries they sell. Moreover, the Price Commission's figures, by necessity, only give a very crude picture of the situation. As the published results of some companies show, some traders, like Sainsbury and Asda, have been doing better than others, while the Commission's data only relates to the big companies which historically have been increasing their market share at the expense of the smaller groups.

But though some food retailers may dismiss the Price Commission's figures as no more than a flash in the pan, some factors have been working in the food trader's favour. Food prices have continued to lead inflation over the last 12 months and, though the fluctuations in seasonal food prices can mean food retailers have to adjust their prices downwards as well as upwards, the fact that food prices have gone up faster than many other things has helped narrow the gap between the increase in costs and the rise in cash sales for those retailers who have managed to maintain their volume. Generally, the food groups say, in common with other retailers, that in the first half of the year costs went up faster than sales but that in the second half, the gap was narrowed.

The £2.50 limit on wage increases means that food retailers will be faced with an increase in their wage bills next year of around 9.5 per cent. This compares with a rise of between 23 and 27 per cent. under the £6 limit and, as such, represents a big reduction in the food retailers' biggest single cost. But against this, other costs, like distribution look like showing large increases again next year. Even so, most of the big groups hope that during the first half of next year at least costs will lag behind cash sales. Judging by some of the price increases in the pipeline, the housewife will be hard pressed not to increase her spending on food considerably.

In this situation, net margins could improve further next year. In theory at least retailers have considerably more freedom to raise their prices since the changes to the Price Code last summer. But the worry is that the increase in food prices, together with the other calls on consumer spending, will lead to a further drop in demand and that food retailers will get into what one trader describes as a "dog eats dog situation" with the big supermarkets cutting their gross margins in a bid to get a bigger share of a smaller market.

## Battle

This year, however, the big food groups seem to have pulled back from the brink of a really bloody prices battle, as is indicated by the rise in gross margins. According to one retailer, "we all saw the writing on the wall, and if we had continued along the path we were going, we could have just been cutting our own throats." With food inflation slowing down compared to a year ago and demand recovering in the summer, some groups took the opportunity to ease their gross margins upwards. In the South, this was lead by J. Sainsbury and the others followed suit. In other areas of the country, the existence of successful discount operators like Kwik Save made such a margin adjustment more difficult for the traditional supermarket operators.

The recovery in net profits, however, was not only due to this increase in mark-ups. As John Sainsbury, chairman of Sainsburys, points out, in his company's case it also reflected the benefits of the £50m. worth of investment carried out over the past two years. For other companies, the improvement reflected not so much investment but shop closures and staff cuts. International Stores, a grocery group bought by British American Tobacco, for example, announced in April that it was to close about 40 per cent of its stores over the next nine months, while all the big groups like Tesco and the Fitch Lovell subsidiary, Key Markets, have accelerated their rate of shop closures after the past few years.

More recently, the shop closure rate seems to have slowed down (in any case many of the branches shut by the big groups were bought by independent traders who have continued to run them). Almost all the major companies are experimenting with a new kind of discount shop which they hope will give new life to smaller shops. These shops, which offer a very small range of goods at deep cut prices and have few of the trimmings of a traditional supermarket, are similar in some ways to the discount stores run by Kwik Save, which along with the stores of another Northern based company, Asda, are probably the biggest threat to multiples trading near them.

Fine Fare says it is very satisfied with the chain of "Shoppers Paradises" discount stores it now runs (it prefers to acknowledge a German company as the inspiration for them rather than Kwik Save), but it does not see them ever forming the basis of its business and, indeed, some people would query whether national multiples have the flexibility to adapt to this kind of trading.

Virtually all the big supermarket groups see the real growth in the larger stores. They are getting increasingly worried about the prospects for their medium sized stores, locked into expensive High Street sites with little room for expansion. The problem for many groups is that it is exactly this type of store which forms the majority of their retail outlets.

All are anxious to develop the larger superstores—preferably outside the expensive town centres on what they regard as industrial waste land. Only by operating shops which can maximise the economies of scale and the opportunities of modern distribution techniques, they argue, can they offer the shopper both the prices and the convenience she wants. As Tesco has pointed out, the cost of opening outside the town centre can be half what it would be in a traditional High Street site.

The barrier, of course, to this kind of development can be the local authority. This year, however, has seen not only the publication of the Department of Environment's new proposed advice to local authorities on large retailing developments, but also a number of research projects which seem to indicate that the impact on existing stores of new hypermarkets may not be as great as expected. Even so, the small traders show little sign of being convinced and the attitude of local authorities towards edge of town developments is likely to continue to be, as now, patchy, with those in the South tending to be more hostile to superstores than those in the North where such stores already take a big slice of the grocery business.

Talking to some supermarket managers, it sometimes seems as if everything will come right if they are allowed to develop larger stores. Certainly, as the Cavenham subsidiary, Allied Suppliers' has found with its growing chain of Presto stores, these larger stores can be much more profitable than the traditional type of supermarket. But that is partly because in some parts of the country, they are operating in a class of their own.

If the wishes of some of the big groups came true and they were allowed to develop at least one superstore on the edge of every major town in this country, competition could change the profits story. For the moment, however, the competition in most areas is not so much between superstore operators trying to compete for sales, but between the big groups fighting for suitable sites.

Ironically some people—and not always those with vested interests—see the development of large stores actually helping the efficient independent grocery who has the flexibility to exploit his role as a neighbourhood store. In the United States, the so-called "convenience stores" have done remarkably well by filling in the gap left by the supermarkets. In England too, the voluntary groups, like Spar and VG, have done much to stem the tide towards the big groups.

## Share

In the first six months of this year, however, Nielsen's preliminary figures show that the market shares taken by the various kinds of food trader has not changed much despite the competitive situation. The figures suggest that the Co-op, which last year seemed to have finally reversed its declining fortunes, has done less well in food this year. Its share of the grocery trade, as monitored on a bi-monthly basis by Nielsen, has slipped from 14.5 per cent. in the first two months of the year to 13.6 per cent. in June and July.

However, as Nielsen points out, the Co-op tends to do less well in the summer so it is perhaps too early to read very much significance into the data. During the same period, the multiples marginally increased their share of the trade (to 48.7) as did the major symbol groups which in the summer accounted for 12 per cent. of the market. Surprisingly, perhaps, the independents also managed to notch up a slightly larger share of the market.

What is clear is that the multiples are going to have to fight harder for extra business in the future. But one of the reasons why the food traders managed to improve their profit margins faster than other retailers this summer may simply be that they are more accustomed to operating in a market where any extra business usually has to come from a competitor. The food trade has never benefited to the same extent from the booms in consumer spending that some other sectors have enjoyed.

After Christmas, the situation could be tougher if the predicted "dog eats dog" situation develops but whatever happens, people will go on eating even if they do not buy televisions. The only problem is when money is tight, the food retailers are not only competing for the housewive's purse with the vendors of consumer durables but with all the other financial demands. And consumers are more adept at economising on food than on say the heating bill.

**E.G.**

# Variety

CONTINUED FROM PREVIOUS PAGE

inflation of 18 per cent.); compares with an increase of something like 17 per cent. for food retailers generally.

Over the past two years British Home Stores has grown faster than Marks, but the pattern should be different in 1976-77. BHS's sales growth in the six months to September at nearly 19 per cent. compares well with Marks's at 14 per cent. But this is to be expected given a much smaller base and a rather more favourable sales mix. By contrast, at the pre-tax stage profits level, BHS's rise of 16 per cent. to £7.6m. compares with a 29 per cent. jump in Marks's U.K. profits to £47.5m. Weakness in sterling will be a serious disadvantage for the variety chains — especially BHS — importing a substantial proportion of merchandise. Marks, claiming 93 per cent. U.K. products, will be less worried.

Like department stores, variety chains were hit badly by the pay deal. For British Home Stores payroll in the year to April, 1976, went up by 40 per cent. Most of the increase went to sales staff, the average weekly rate of a full-time sales assistant going up by nearly 30 per cent. But the substantially lower £2.50 rise this year will bring relief; BHS expects its wage bill to rise by about 27 per cent. in 1976, but only by an anticipated 12-15 per cent. in 1977.

## Conceding

In location terms, Marks still continue firmly to support the High Street lobby, and have resolutely set their faces against edge-of-town development. But many other companies with substantial investment in the High Street are at the same time conceding the need for peripheral development without necessarily running down their High Street stores. Tesco and Fine Fare spring immediately to mind. In the variety chain sector, Woolworth have diversified not only into edge-of-town Woolco's but also into catalogue showrooms. Its 18 Shopper's World stores are the result of converting smaller Woolworth stores in order to obtain greater profitability. At the moment there are 14 Woolco superstores, mostly situated in edge-of-town sites; these have developed fast over the last few years.

British Home Stores also has a stake in hypermarket development. It has set up a joint company with Sainsbury to establish SavaCentres—hypermarkets which will combine Sainsbury's grocery skills with BHS's non-food expertise. The first will be at Washington New Town (near Sunderland), and is expected to be ready for trading by Christmas 1977. It will be around 70,000 square feet and will be the main unit in Phase Two of the town centre development. There will be discount prices on all products including, it is thought, Sainsbury brands and BHS Prova lines.

The second SavaCentre, about the same size, will be the main unit in a new shopping centre to be constructed at Hempstead, about four miles south-east of Chatham. Completion is expected in 1978 and it will also operate at discount prices.

But Marks, in spite of their rigidity over the High Street concept, has been adventurous as far as Europe is concerned. Of its two stores in France, sales in the Paris unit have risen about 2½ times in sterling terms over the past 12 months. The unit at Lyons (in the Part-Dieu' shopping centre) is still making losses, but in the Brussels store sales are increasing and it is now making a modest profit. In spite of initial difficulties, Marks is clearly satisfied now with its European operation and are actively looking for three further sites in the Paris area.

Marks also has 70 stores in Canada, where it has made some losses over the past year as a result of the integration of two of the operating subsidiaries into one M and S division. But they are hopeful that a firm base has now been established for the future.

**Edward McFadyen**

# The Co-op movement and its future

*Britain's first on-line computer-controlled checkout system, using NCR 255 point-of-sale terminals and an NCR in-store mini-computer, is in operation in the new Co-op superstore at Failsworth, near Manchester. Similar installations have followed at Co-op stores in Warrington and Leicester.*

"YOUR CARING, SHARING Co-op" is the message the Co-operative movement will be pushing in 1977 in the next big promotional campaign, costing £3m., sponsored by the Co-operative Wholesale Society. The intention is to bring back to the forefront the image of the movement as not just another retailing concern but an all-embracing social organisation, concerned with the well-being of society in general—with education, foreign affairs, Britain's social and economic structure—and with those who shop with it in particular.

In this, the campaign is perhaps encapsulating the dilemma which for years past has trapped those concerned with the Co-op's fortunes. For both in theory and practice the movement is far more than just a trading organisation, albeit that it forms one of Britain's biggest businesses. Most of those active in running its affairs—whether as society chief executives and Board members, as delegates to the annual Co-operative Congress (the movement's annual "*Parliament*"), or as ordinary members — feel this very strongly. But the Co-op's only measure of success is its trading performance. And here, crippled by the contradictions between its social purpose and the changes necessary for trading efficiency, the movement has long been the troubled giant of British business.

In 1957 it accounted for 12 per cent. of all retailing turnover, a figure already well below its pre-war level. By 1974 its share was down to 7 per cent. Membership and, more important, members' share capital had fallen heavily. Plans to reduce dramatically the number of individual societies—700 ten years ago—have been discussed and duly agreed on, but have not been implemented. And a really powerful central co-ordinating body, a need generally agreed on, has not been established.

Hindering these moves more than anything else has been the Co-op's peculiar structure—the autonomous retail societies, some massive but others very small, loosely linked through the Co-operative Union and together owning the Co-operative Wholesale Society established to act as a central manufacturing and purchasing agency but from which societies may buy or not as they choose. The societies are owned by their members and run by them, or at least by those concerned enough to attend members' meetings. And the fear of losing this consumer democracy, albeit in order to gain business efficiency, has blocked many a well thought out scheme to improve the overall set-up.

*Yet there is a new air of con*fidence about the Co-operative movement—a confidence epitomised perhaps by what can only be called the cheek which led the CWS last month to take out £1m. worth of insurance on the lives of the Queen, Prince Philip and two of the Royal children in order to safeguard its planned eight months of special promotions linked to the Royal Silver Jubilee next year.

For three years now the Co-op's share of retail trade has not fallen; last year, indeed, it went up to 7.2 per cent. of the total with the Co-op's 23 per cent. rise in turnover outpacing that of every other retail sector. So far this year, *too*, it appears to have kept up the recovery; its sales in the first three months were 21 per cent. up on a year before, with the April to June period seeing a rise of 15 per cent. Those figures compare *with 15 and 13 per cent.* respectively for multiple store groups, 13 and 11 per cent. for independents, 16 and 7 per cent. for mail order businesses, and 12 and 8 per cent. for department stores.

The movement may not have achieved the major structural changes it has been seeking, but the changes it has made have been traumatic enough. And they seem at last to be paying off.

## Identity

The most noticeable surface change has been the adoption of a common Co-operative logo throughout most of the movement, *giving it a unity of* identity almost entirely lacking a decade or so ago. Also immediately apparent to shoppers is the modernisation of so many Co-operative outlets, alongside which has come the closure of many *smaller, less economic* shops. Extremely important has been the almost universal replacement of the expensive-to-administer dividend system by so-called "dividend" stamps.

Spearheading these and other *changes under the* aptly named Operation Facelift programme introduced in 1968 was the Co-operative Wholesale Society, jointly owned by the retail societies but regarded jealously by many of them as its aggressive *management* has more and more taken on the role of acting, in effect, as a central management for trading policies throughout the entire movement.

To a large extent, it has been CWS money which has made the movement's modernisation possible — and the retail societies' lack of money (though some are relatively wealthy) which has allowed the CWS to impose its ideas on a sometimes reluctant organisation.

Again, if less apparent to the ordinary shopper, the CWS has been behind many of the society mergers which have taken place. The dream of a handful of regional societies covering the *whole of Britain* may be as far away as ever, despite its adoption at successive Co-op Congresses, but the number of separate societies has shrunk significantly so that to-day there are only 218.

*Many of these mergers have* taken place from a position of weakness; as the movement's trade has declined so have smaller societies been presented with the stark choice of merging with a bigger neighbour or going out of business altogether, with all that would entail for overall confidence in the Co-op as a whole among the small savers who account for so much of its share capital. It is noticeable that as the trading decline has halted in the last couple of years merger activity has slowed significantly.

But from the mergers have come some very big societies, some of them following in the wake of local regional rationalisation proposals drawn up by *the CWS. The prime example* is the North East Co-op, seen as the prototype of the sort of regional society it is hoped will eventually provide the structure of the whole movement. This has a trading turnover which puts it by itself into the big league as far as retailing generally is concerned, while overall 16 of the largest societies now account for around half the movement's total trade.

To-day, again, it is the CWS which is spurring the movement's foray into the world of superstores, seen as the next big development in retailing. In the 1950s, the Co-op pioneered the self-service concept. But it *missed out almost completely on* the supermarketing revolution. Now it appears to have caught up with its multiple group rivals there, shedding 102,000 staff and closing 12,000 smaller outlets over the last decade. And it is in *the forefront* of superstore development.

The CWS has not only played a large part in strengthening the movement overall; it has also been considerably strengthened itself as a result of the forced merger three years ago with its up to then independent Scots counterpart, which became involved in disastrous dealings in the money markets and was impelled into a move which it had been resisting for several years.

That established one national organisation, active in farming, banking and a host of other businesses as well as manufacturing, wholesaling and, through Co-operative Retail Services in England and Wales (a CWS subsidiary formed to bring "lame duck" societies under one umbrella as an alternative to local mergers) and CWS Retail (Scotland) north of the Border, directly in retailing.

Thus four years after Congress agreed that one national body was needed to direct Co-op trading policies, the potential for such a body came into existence. Since then the CWS has, by a combination of managerial expertise and diplomatic tact, gone some way to filling that role, though it would be wrong to under-estimate the contributions made by many figures in the wider retailing movement.

Yet many problems remain. A paramount question is how strong the movement's apparent trading revival really is. For the Co-op still maintains a down-market image—and, from the look of many societies' stores, deserves to. In a time of economic recession, this itself is a strength, for customers generally are trading down too. Whether those who have been returning to the Co-op would continue to do so in the event of an economic upturn remains an open question.

Overall, the Co-op's customers tend to be older, and poorer, than those of other store groups, though it is noteworthy that C-op superstores have, according to research carried out by the CWS, been successful in attracting a new type of customer to the movement. A study of four superstores showed 65 per cent. of the customers to be 45 or younger, compared *with* an all Co-op figure of 38 per cent. (and an all-housewife figure of 49 per cent.). Noteworthy, too, is the fact that the latest CWS advertising campaign is aimed particularly at younger shoppers, stressing the points it is hoped might appeal to them in a *more consumer*-oriented and perhaps more socially aware society.

There are signs as well that the very success of the bigger societies is bringing problems in its wake. For though the movement's sales overall have been advancing faster than those of other retailers, on the non-foods side it has been seeing a decline in relation to its competitors. Thus the 5 per cent. rise in its durables business in the first six months of the year was 2 per cent. below that recorded for other retailers. The CWS itself actually saw its non-food sales decline slightly —by £100,000 to £95m.—in the same period, despite inflation.

The reason, according to Mr. W. H. Farrow, chairman of the CWS, in his half-yearly statement to shareholders two months ago, was that larger retail societies, especially in London and other conurbations, were maintaining independent purchasing policies instead of buying through the CWS, as should have happened under an agreement signed as *far* back as 1968. *That meant* that national promotions were difficult to mount and a unified image difficult to maintain.

## Capital

This is just the sort of problem the creation of a genuine national body to direct trading policies could solve. The answer favoured by many is a merger between the CWS and the Union, which would effectively give the CWS the power to direct (subject to Congress) rather than to lead and cajole. But a working party set up two years ago to examine the practical difficulties of such an amalgamation has still been *unable to reach a conclusion*, though its report, originally expected for the 1975 Co-operative Congress, is expected to be ready for the next one at Whitsun.

Less easy even to see a solution for is the question of Co-operative financing. The main sources of Co-operative capital have been members' savings (through their share capital and loans to societies) and retentions from profits.

But as membership has declined, so has share capital — now about £145m. against £260m. 15 years ago. The switch to stamps from dividends, paid at the end of the year, if then, and available for societies' use till claimed, has removed another source of short-term finance. Profit margins, too, have been falling. Retentions in 1974 were 1.2 per cent. of sales; last year they were 0.7 per cent.

This has happened both at a time of heavy capital spending and as *inflation* has grown ever more acute. One answer taken *up by many societies* was to *turn* to their pension funds as a source of cash, paying well below commercial *interest* rates on the money. But this practice has been frowned on severely by the Chief Registrar of Friendly Societies in his successive annual reports on the movement. It received a further blow earlier this year when a former London Co-op milkman successfully sued his ex-employers and gained an order for the London Society to compensate its pension fund for money lost because of the low rate of interest paid.

New loan savings schemes have been introduced by societies, and so-called development bonds *successfully launched.* But the amount of cash these are bringing in is not sufficient to compensate for the sums that have been lost elsewhere. At the same time, approaches to the commercial money markets are *difficult because of the* movement's lack of unity and the effect on assets valuation for security purposes this has.

In addition, there is the problem of adapting to commercial loans, especially at current high interest rates, for an organisation which has traditionally been able to self-finance itself relatively cheaply.

Those in the movement more hopeful of the practical benefits of its traditional links with the Labour Party than experience would suggest still pin their faith in the development of a Government-backed Co-operative Development Agency. Such a body has been promised repeatedly by the Party during its periods in Opposition. But it has failed to materialise and now, especially at a time of a general cutback in public spending, is hardly likely to—much to the relief of some Co-op *leaders fearful of the effect* on the general trading climate within which the movement must operate if it was seen to be obtaining State cash to the exclusion of its commercial rivals.

*Once again, the only answer* would seem to be far more centralisation, so that a central pool of finance can be created to aid retailing developments as and where they are needed. Again, this is a role that CWS *has been fulfilling* to a certain extent. But the need to formalise a basically informal arrangement remains acute. The Co-op may be stronger now than for many years; it may have made many extremely painful changes. But a lot of agonising decisions lie ahead if the success it is now really achieving is to continue and be built on.

**David Walker**

# Growth in advertising

...HAIS the most significant ...lopment in the advertising ...istr in recent years has ... the growth of retailer ad...ising. Even during the bad ...s for advertising, in 1974 ... expenditure by retailers ...sed. In the last five years ... trebled, and in 1975 retail ...tising was only second to ... as a product category, ...ing £84.7m. (MEAL ...s), and gaining fast.

... set the seal on retailer ...ation, nine of the top ten ...st advertisers in the U.K. ...year were retail groups— ... the Government spent ... The figures for the first ... quarters of 1976 show no ...ning in the retailers ... to advertise—among the ...s the Co-op, at local and ...al level, has spent around ...; Fine Fare £1.8m.; Tesco ... and Lipton £1m. Even ...bury, a fairly late convert ...vertising, invested almost ...00 in the nine months.

...er retail companies were ...uches. Allied Carpets and ...ms Furniture spent over ... Woolworths almost £3m.; ... Boots an extraordinary ... Currys and C and A ...ached £2m. while Comet, ... Smith and Dixons all ex...d £1m. And there is no ...tion that this flood of ...dvertising money is likely ... up.

## ...mulated

... key to the growth of ad...ing by retailers was the ...ion of Retail Price Main...ce, which stimulated price ...etition and pushed the re...utlet into the forefront of ...marketing battle. In the ...ry field, in particular, a ...arge multiple groups, in...g the CWS, dominate ... and compete furiously ...each other.

...vertising has naturally be... a prime weapon in their ... particularly as they dis...ed that much of the cost of ...dvertising would be car...y their suppliers. Retailer ...tising is mainly geared to ...ng attention to special ... on brands, and in these ...nstances the manufacturer meets at least half the cost. Retailers regard the extra money they receive from joint advertising as an addition to the discounts and general below-the-line deals they negotiate with suppliers. It is in fact yet more evidence that currently the relationship between retailer and manufacturer is heavily weighted in favour of the retailer.

But the grocery retailers are reassessing their attitudes to advertising. Tesco, for example, is disturbed at the rising cost of television time and in planning its 1977-78 budget it is considering alternatives. It is also wondering whether it need spend quite so much, and whether more attention should be paid to "image" advertising for the company, publicising its new hypermarkets and fresh food distribution system, rather than competing for attention with its multiple rivals in the national dailies.

There is a widespread feeling that taking a weekly page on a Thursday in a national daily may be confusing as well as costly—the housewife must be hard pressed to distinguish Tesco offers from Fine Fare's and Sainsbury's. The alternative, apart from image advertising, is to concentrate at the local level, and this is happening.

Fine Fare, in particular, is putting more cash into the local Press, into local radio (with which Tesco is also pleased), and even local television. One of the attractions of local campaigns, still concentrated on price promotions, is that their effectiveness can be quite easily measured. In their first enthusiasm for advertising the grocery multiples perhaps spent too well rather than wisely, but in 1977 they are unlikely to boost their budgets in real terms and will be evaluating the media used much more carefully.

One retailer which will be increasing its advertising in line with inflation is the biggest of the lot; the Co-op will invest over £6m. above the line in 1977. Once again its suppliers will contribute around half of this, but the Co-op is following the path of Woolworths and putting more emphasis on its image. A bigger slice of the budget will be on television and will concentrate on non-foods. Special offers will still be advertised, but within a new corporate slogan, "The caring sharing, Co-op."

The commercials have an affinity with Woolworths, including happy in-store shoppers and a memorable jingle. This is not surprising; since Woolworth's advertising is regarded as a major factor in the profitable revival of the company, and the advertising approach it started 18 months ago, which aimed to revive the image as well as promote selected items, has set a pattern in retail publicity.

## Proportion

Woolworths is building on its success, with the advertising spend rising by 50 per cent. each year. In 1977 it will be almost £4m. At the same time the proportion on television is likely to remain at 60 per cent. (as against 85 per cent. at the time of the re-launch), while the Press gets more cash. This is mainly because more goods can now receive advertising support, and their marketing case is more easily put in newspapers and, for the first time, magazines.

Retailers are now experimenting with other media, in particular local commercial radio. When it began in the U.K., companies like Fine Fare were doubtful whether radio could be useful — its coverage tended to overlap into other communities, causing problems with special local offers — but its effectiveness as a selling medium is now acknowledged. After all, retailers were always regarded as potentially the heaviest customers of radio. Now on Capital, the biggest station in the U.K. with a turnover this year of approaching £4m., the single largest advertiser is Sapphire Carpets (although it only spends a comparatively small £50,000). More to the point, Sapphire only uses radio.

Sapphire is one of a group of non-food retailers who have discovered advertising — the others include Williams Furniture and Allied Carpets. But many High Street chains, while heavy users of advertising, are still suspicious of the advertising agencies. Retailing has traditionally been an area where the shopkeepers believe they know their market best. This sometimes means, as in the case of C and A, that they produce their own advertising; or else, Marks and Spencer, as the classic example, thinks that their stores and their merchandise are their best advertisement; or else use a small agency that can produce the hard-hitting, quick-changing advertising in the local Press that they think sells their goods.

Just as retailers have established a grip on manufacturers, they also believe they know better than advertising agencies. Currys, for example, sees the time coming when retailers rather than manufacturers will do most of the advertising, and it will be distinctive retail advertising rather than the glossy images projected by agencies. Without doubt retail advertising is more like direct marketing than product advertising; its success can be measured in the till, and some agencies do not like to be judged so immediately.

But on the whole the trend has been towards retailers getting together with the more glamorous agencies. Woolworths success with Allen Brady Marsh has obviously been of importance, and Tesco is currently looking at agencies. Fine Fare is with the successful Collett Dickenson Pearce. Marks and Spencer may be a relatively small advertiser, but it is increasing its expenditure steadily, and is currently mounting a campaign for its Christmas gift vouchers, significantly through a creative consultancy John Simmons and an independent media buyer, Chris Ingrams, rather than through its mainstream agency.

Retailers seem committed to advertising, although they are still undecided on how to use it for the best. Last week, for example, Mace announced that it was going heavily into television advertising and is spending £500,000 there in 1977. Spar is another heavy TV user. There are just as many retailers who have good experiences with television as there are questioning its cost and value. But at least most retailers are prepared to look hard at advertising. They may still think they know their customers best but their confidence in doing things quite without the help of the marketing professionals is being steadily shattered.

**Antony Thorncroft**

# Sales volume declining

THE VOLUME of retail sales has been declining for three successive years with a further fall expected in 1977 by almost all economic forecasters and only a gradual recovery thereafter. This lengthy recession followed a period of rapid growth in consumer spending in the early 1970s when retail sales rose by nearly 11 per cent. in two years. Since 1973 the volume of shop sales has dropped by just over 2½ per cent.

The cause was the sudden impact of sharply higher oil and other imported prices in 1973-1974 and the start of the recession. The subsequent fall in real national disposable income was distorted by the impact of three-day working week. Real personal disposable income continued to rise during 1974—by nearly 2 per cent.—as the rate of increase in earnings continued to run ahead of the rise in the cost of living.

But the acceleration of inflation and greater economic uncertainty in 1974 led to a rise in the proportion of disposable income saved, so that consumer spending fell by nearly 1 per cent. in real terms in 1974.

But real personal disposable income (RPDI) could only diverge from national income as a whole for a short time and the fall in RPDI started in early 1975 as increases in prices caught up with earlier pay increases. The agreement on the £6 a head pay policy in the summer of 1975 followed by the 4½ per cent. policy this year has provided a further check, while the fall in the rate of inflation has been slower than expected because of the impact of the drop in the pound.

The result is that RPDI fell by 5 per cent. between the last quarter of 1974 and the middle of this year. Although this has been partly offset by a drop in the savings ratio from 15.4 per cent. at the beginning of 1975 to an expected average of just over 13 per cent. for this year as a whole, the latter is still at a much higher level than previously. The savings ratio has always been one of the most difficult economic relationships to forecast.

An article in the Bank of England quarterly bulletin earlier this year tentatively suggested that there was some evidence that in the short term consumers act so as to reduce their real spending when prices rise faster than expected, while as the rate of inflation moderates, the savings ratio should decline. A limit to the possible decline in the ratio is that the increasing proportion of contractual savings, such as premiums for life assurance and contributions to pension funds.

But the drop in the savings ratio over the last 18 months has at least partly offset the tight squeeze on real personal disposable income and thus limited the extent of the decline in consumer spending, particularly this year. Retail sales have generally tended to fluctuate more sharply than consumer spending as a whole because of the large discretionary element in, for example, expenditure on durables compared with the greater short-term flexibility of spending on housing or gas and light.

Consequently, while consumer spending as a whole fell by 0.67 per cent. between 1974 and 1975, the decline in the volume of retail sales was 1.8 per cent. Within the total, there have been fluctuations from quarter to quarter particularly as a result of buying associated with changes in VAT.

The low point in retail sales was in the second half of last year—about 4½ per cent. below the average 1973 level—and there has been some recovery since then. This reflects both the fall in the savings ratio and the levelling out in real personal disposable income. But the recovery has been fairly restricted, with expenditure still running at well below the figures up to the middle of last year.

In particular, the level of spending in food shops has remained depressed under the impact of the rapid rate of increase in food prices—much faster than for the cost of living generally. This has led to both a general fall in volume and to trading down. The latest detailed quarterly figures—for the period from August to October—show that the volume of spending in food shops was 1.7 per cent. below the 1971 level. Meanwhile, consumer durable sales were still over a quarter higher and total non-food shops sales were over 15 per cent. up on 1971 levels in real terms.

The slight pick-up in the overall level of retail sales this year compared with the second half of 1975 has also been sustained by the impact of the rebates on the conditional income-tax changes. There have however, been signs of a fall in spending since the late summer despite some reports of precautionary buying ahead of a possible VAT rise. This is because the squeeze on RPDI has intensified in view of the absence of any improvement in the rate of inflation.

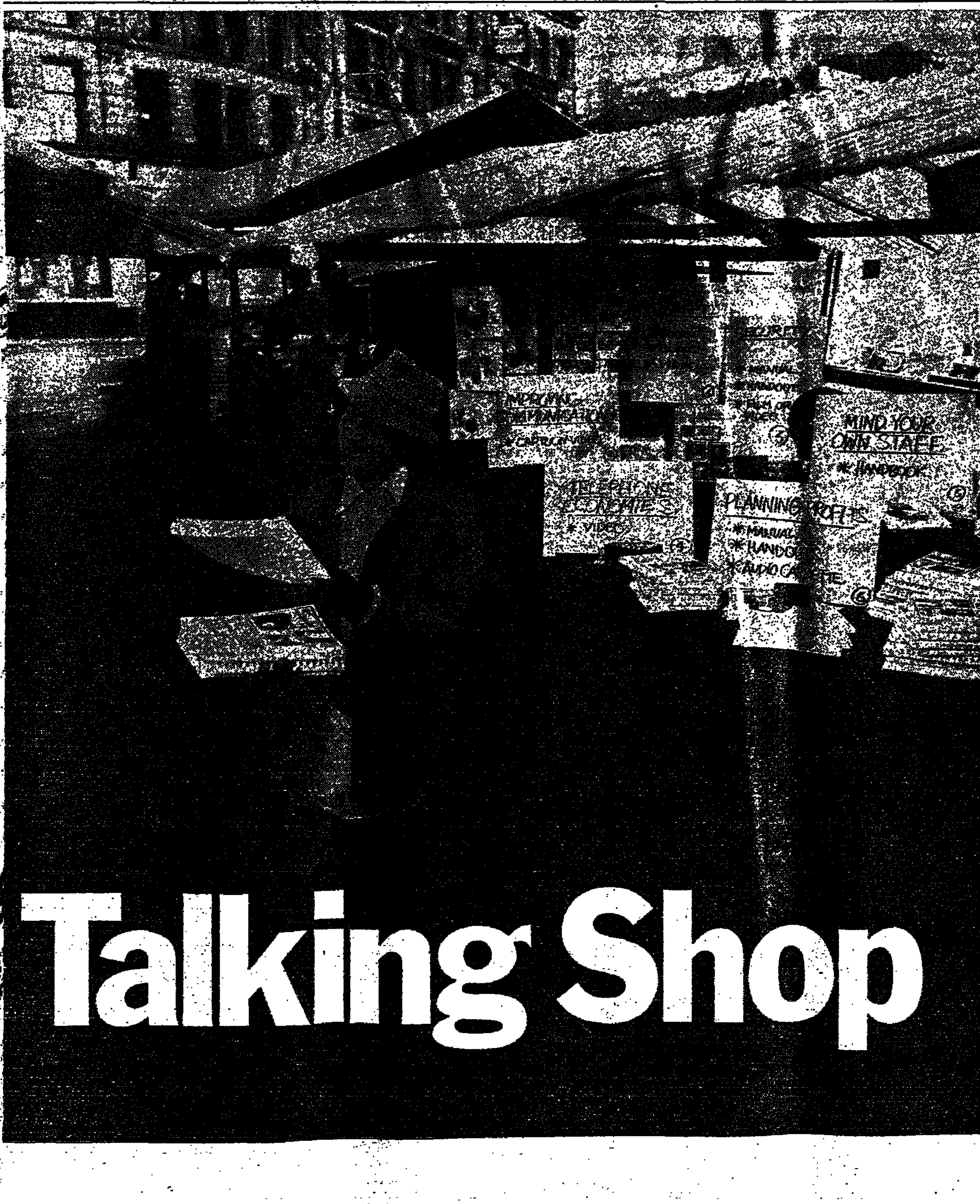
While forecasting has been made more difficult by uncertainties over the impact of the Government's economic measures, most projections even on existing policies have assumed a decline in RPDI again next year. For example, the recent National Institute projects a decline of 1.9 per cent. next year after a drop of 1.2 per cent. in 1976.

## Forecast

Stockbrokers Phillips and Drew forecast a drop of 1½ per cent. next year. They argue that despite attempts by consumers to resist the erosion of living standards by reducing savings and exceeding the level of intended pay limits, consumer spending is still projected to remain flat in 1977 with a 1 per cent. drop in retail sales. The National Institute is projecting a drop in the average ratio from 13 to 11.7 per cent. next year (compared with 11½ per cent. by P and D) and a decline of half a per cent. in consumer spending.

The National Institute projections are based on the assumption of general adherence to the second stage of the pay policy with a 9 per cent. rise in average earnings up to August 1977 after some slippage and overtime, with a 12 per cent. increase thereafter. However, if earnings rise rapidly after next summer, then there could be a temporary boost to consumer spending before the adjustment in the cost of living works through—the time lag should, however be shorter than when price controls were tougher.

**Peter Riddell**



# Property schemes at low ebb

TALK OF a sale of the Pentagon Centre in Chatham, one of the newest covered shopping centres with the advantage of being linked into the main retailing street of the town, has emphasised the scarcity of schemes of this sort coming on the investment market. It is not expected that many such schemes will be built over the next few years and those that are will not have the investment benefit, as Chatham's does, of a lease agreement with the local authority which looked favourable long before the Community Land Act.

The sale, or part sale, of the scheme is not yet finalised, but developers County and District confirm that negotiations are on. With rentals from the shopping centre running at £1.2m. a year (excluding the largely unlet office space) the investment value is beyond all but a few of the larger funds. But this has not, apparently, prevented considerable investment interest. While the institutions had not, for many years, been very willing to take on the management implications of buying shopping centres, several major developers—Land Securities, English Property Corporation, and Hammerson among them—have found a fairly ready market for such disposals in the past two years.

To the investment buying must be added the willingness to fund from the outset shopping schemes of varying sizes. The cost of some major projects may have run way beyond original estimates, for instance with Standard Life in Hammerson's Brent Cross, or with the Prudential in Town and City's Manchester Arndale Centre. But this has not prevented further major fundings.

The Post Office funds at Milton Keynes are an example, the Electricity Supply Industry funds at Wood Green another, while the Co-operative Insurance Society continues in joint schemes with Laing in several Lancashire centres and the Coal Industry funds have last month confirmed the start of a central Swansea scheme, direct with the council, and may next year do the same in Kingston-on-Thames.

So despite the doubts raised by MLR increases on investment yields, and the more general anxieties of funding development schemes in such an uncertain climate for future demand and future building cost increases, there remains some continuing faith in the shopping centre concept. Are the institutions right to think that centres will continue to flourish, and continue to change the shape of the shopping High Street?

The reason for tackling the question from the point of view of investment values is that we appear to be entering a phase when the institutions, plus councils, plus retailers who develop for their own use, will have the dominant say in future physical changes in retailing after an era when private developers were the dominant force.

Fashions in retail property investment have in practice changed remarkably little. To the small shops of the 19th-century High Street were added department stores. Later, their place as "magnets"—the stores all the small traders wanted to be close to—was taken up by the variety stores, led by Marks and Spencer.

The size of individual shops has grown slightly where rebuilding has taken place, but since the insurance companies and later funds entered serious property investment, their prime purchases have remained the same, the shop with a frontage of about 30 ft and depth up to 100 ft, on what is undisputedly a main shopping pitch. This is where the high-margin, high-rent payers have traded — fashion shops, footwear, jewellery and the like — and that is where the institutions have found their investments, spread over only 30 or 40 cities.

Before office investments became more fashionable in the late 1950s, the best of these shop units commanded the lowest initial yields in the investment market. They have never since lagged far behind prime offices and in the post-1973 period have proved their investment worth through maintained or increased rental values during a period when so many offices rental values were falling.

In this period shop investments, despite little volume growth in retailing, have proved a classic hedge against inflation, with the massive pay awards of 1974 bolstering shop rents at precisely the time they were depressing industrial and commercial confidence and undermining business rents on offices and factories.

The danger factors in such shop investments mostly stem from the fact that this is the sector of the property market where location is most vital. The focus of many High Streets has been altered by shopping centre schemes or new traffic systems and in general it is true to say that the High Street is getting shorter with dead frontages such as building society branches taking over what were previously lively trading pitches.

But the investment dangers of a declining shop location have so far proved less than those of trying to move further up the scale, both in size and modernity, and invest in the property component of the retailing revolution. Thus investments in the early supermarkets, the 15,000 sq ft units which in the early 1960s were the latest thing in food retailing, are in general looking pretty sick. Such units have been reduced to superette status and are frequently being vacated now by groups moving toward the superstore concept.

While the vacant possession value of such buildings has in some cases in the last year proved surprisingly good, as investments they have not fulfilled the long-term criteria of institutions. So far purpose-built self-service stores have proved a doubtful investment simply because retailing fashion has changed too quickly.

Leading the fashion have been the food discounters. Their present disenchantment with town centre schemes has several causes. Perhaps the one most directly linked to property costs is that whereas food retailers could previously command highly concessionary rentals through agreeing at the start of shopping centre schemes to be anchor stores for the developments, present costs simply do not allow the necessary margin for such concessions. But more important has been the supermarkets' move into general retailing and their desire for the 50,000 square feet or more of retailing space which can seldom be provided in town centres with adequate car parking access.

The shift in central government attitude toward superstores during the year has been significant, with the reference level being raised from 50,000 to 100,000 square feet of gross floor area and a distinctly more tolerant attitude to planning consents indicated in the Department of the Environment's new Note 13 on planning policy. While the Department is still very careful not to say that large stores are of themselves a good thing, it now admits that their benefits can be passed on to the community.

This must be the area of most activity in the coming year, with operators like Asda, Tesco, Carrefour, the Co-op and Savacentre now scenting victory in the planning battle even in the South.

It is likely that there will be a fair mix in their plans between the single, free-standing superstore, such as Tesco's at Irlam, near Manchester, and the leasing of giant units which form the basis of suburban or district centres, the centres aiming in the remaining shop units to provide a broad range of retailing. An example of this is the pre-leasing by Savacentre (the British Home Stores-J. Sainsbury partnership) of Federated Land's scheme in Hempstead Valley, Kent.

Institutional funding for such schemes will not, however, be very readily available. The retailers themselves will develop their own free-standing stores and even after completion would have difficulty in directly funding them. The objections include the scarcity of evidence on which to base rental projections; the absence of any intrinsic value in out-of-town locations; and the type and quality of buildings, being basically retail warehouses, with various user complications should retail fashions change again and the discounters move out.

While regional centres will prove easier to fund it is likely that institutions will remain faithful to central city locations and accord them a much lower yield basis.

**Quentin Guirdham**

# Department stores

LONDON'S West End department stores, gloomily assessing the effect of the battered pound on the bill for their imports, can at least take some comfort at the same time from the fact that the cheapness of sterling is attracting record crowds of tourists. Oxford Street's pavements become steadily more congested with trippers from the Continent eagerly shopping for sweaters, handbags and so on. At least one department store group, House of Fraser, has drawn a distinction between turnover in its West End stores —"very good indeed"—as opposed to its provincial stores, where business has been "nothing to write home about."

People have been predicting the eclipse of the British department store for a long time now. Persistent competition from the multiples and increasing difficulty in maintaining the service element essential to the department store image have certainly presented serious problems. The department stores' share of total retail trade —fluctuating around 5 per cent. —has been no greater than reached in the mid-1960s by the mail order sector. The fact that they continue to survive is a tribute to their flexibility in responding to rapidly changing conditions with perhaps greater speed than some of the larger multiples.

With increasing public awareness of the "soulless" nature of much of the retailing scene, customers look to department stores to provide the elements of service and shopping-as-entertainment which they cannot find in supermarkets and superstores. Most department stores show no sign of wishing to reduce or drop services, but there is, according to John Dunse of the Retail Distributors' Association, a "very quiet trend" towards charging services separately.

The days when the Army and Navy made its once-a-week delivery of a brown loaf to the old lady in Esher are long since gone. In many stores now there is a delivery charge, certainly for small purchases—the point being not so much to cover the cost of the delivery operation, but to discourage the use of it.

Credit, another service which customers expect stores to provide, is now being fully or partially charged for. A battery of varying credit facilities (such as the option account—if you don't pay in full in 30 days there is an interest charge on the outstanding balance) are being deployed in order to bring department stores out of the free banking business. But there is no move to reduce credit sales as a proportion of total sales.

Some companies—the more up-market groups like Frasers or Debenhams—regard credit as an essential feature of their trading, in that it ties the customer to the store. Other companies such as Lewis's have traditionally operated without credit facilities. In stores generally, the credit/cash ratios are holding more or less steady at an average of 30/7 credit/cash—the reverse of the American pattern.

Staff costs—every retailer's major headache—have hit the department stores harder than most. Wage rates for the sector as decreed by the Wages Council have risen by around [illegible] per cent. since mid-1972—last year's £6 alone represented a 36 per cent. increase.

But opportunities for department stores to minimise staff are very limited. On the selling side, with self-selection widely used by even the up-market stores, staff costs have already been cut to a bare minimum. The non-selling side offers greater opportunities for staff rationalisation, particularly in accounting procedures, where more sophisticated equipment is being put into use, and also in physical distribution, especially in the handling of merchandise. Staff costs overall for the department store sector are still being maintained at 18 per cent. of turnover.

Making better use of space, since most department stores occupy expensive town centre sites, has also been high on the list of management priorities. The strategy has been to move as much as possible of the non-selling function away from the site altogether, and to streamline the remaining non-selling departments.

Some stores have moved their accounts departments away from the main building and located them in other areas—a procedure made easier by the development of sophisticated equipment for the rapid transmission of information. Others have let off their higher selling floors as offices.

Department stores' location policies have undergone a substantial change since the late 60s and early 70s, when the principle was to move away from the High Streets and into the suburbs. With rising capital costs and increasing construction costs fewer stores are being put up in the suburbs. What one is now seeing is the modernisation of town centre stores, often combined with the redevelopment of the town centre itself. And with the emerging Government policy of putting a halt on peripheral development and fighting inner city decay, suburban department stores are less likely for the future.

Where stores have appeared in the suburbs, they have tended to be satellites to the flagship store. The Brown Muff unit at Skipton, for example, is a smallish store mostly stocked with lines which the management knows from the Bradford flagship store's experience to be fast-moving.

Department stores continue to be well-represented in such remaining town centre developments as have appeared this year or are planned for the near future — though with increasing costs of capital investment, developers are reluctant to initiate town centre schemes on the scale of recent years. As long ago as the spring of 1975 several of them — EPC, English Property Corporation, and Ravenseft — announced that they were cancelling their centre schemes.

## Glittering

The glittering exception to this trend is Brent Cross, where two department stores—John Lewis and Fenwicks—are reported to be sharing happily in the substantial turnover which the centre as a whole is enjoying. John Lewis is also represented in Newcastl Eldon Square scheme, whi opened earlier this year and also reported to be doing exce lent business.

In this instance the group h closed down the existing Bai bridge store in Market Stre and put up a completely ne building, with a selling are one-third larger, in nearb Eldon Square. It is architectur ally interesting in that, wit the design broadly in the forn of a mushroom, the area of eac floor increases as one goes u the building. The Partnershi are to be represented yet again at Milton Keynes, with a large store due to be opened in 1979.

A more unusual step is that taken by Lewis's (the Sears group's stores company) in the opening last month of their first hypermarket, at Ellesmere Port Cheshire. It operates under the name of Lewis's Saverstore and has a trading area of 69,000 square feet on one floor. This is a result of the break-up of the partnership between Lewis's and Key Markets which followed their unsatisfactory experience in a joint venture at Weston Favell. The new store is unusual for a hypermarket in that it is located in a town centre, but it conforms to hypermarket style in that it is single storey, self-service operated and has 3,000 parking spaces.

**Edward McFadyen**

# The mail order houses

t BRITAIN'S mail-order com- ies, Christmas is already al- st over. Their orders reach Christmas peak in early ember and from now on it is uhill until the new season's logue comes out.

this way they could be said provide an advance indicator the kind of Christmas the of the retail trade can ex- t, though with all the un- ainties hanging over what Chancellor may say in his i-budget, such an indicator be less valid than usual.

he two biggest companies in catalogue mail-order market reat Universal Stores and lewoods—said sales were up eal terms for the year. Little- ds described demand as very yant. Sales were running at t 20 per cent. over the 1975 l, implying a considerable ume increase and in Novem- it was possible to see signs a pre-VAT buying spree in orders for consumer ables.

mpire Stores, which along 1 Freemans and Grattan ns the second rank of the l order market, also said s were showing a real ease in November on the e period last year. The per cent. increase which the ipany had reported earlier the year was being main- ed.

Grattan, which traditionally takes a more cautious approach than some of its competitors, said sales were running at about the same level in real terms as last year. The company had not tried to increase its volume, preferring to remain largely self-financing rather than going all out for sales. The same was true of the UDS subsidiary, John Myers.

## Volume

Only Freemans said volume was actually down on last year. But then, as the company pointed out, it had shown an above-average growth in 1975 and the slow-down was largely the result of measures the management had taken to get rid of unprofitable agents at the beginning of the year.

Though the picture from the big companies is uneven, the last two years have brought a temporary end to the situation where the mail order companies outstripped the rest of the trade in terms of growth by a sizeable margin. At times it had seemed as if the mail order companies were immune from the problems which plagued the rest of the industry. But in 1975, inflation hit thrice. Postal charges rocketed, interest costs went up and the pressures of trying to maintain price levels for the six month life of a catalogue became greater.

The mail order companies maintained, of course, their traditional advantage over their high street competitors in that they did not have to pay the same increases for either staff —the agents are paid on commission—or the rents and rates which go with selling from a shop rather than a catalogue.

But against this, the increase in their carriage bill, which accounts for around 5 per cent. of their total costs, did not lag far behind the increase in shop overheads, while the cost of producing the catalogue increased by around 50 per cent. between 1974 and 1975. Moreover, because mail order is essentially a credit business, the liquidity strains were worse than for most other retailers. In this situation some companies decided it was not worth going for extra volume. To do so would have meant too big an increase in working capital.

Most of the companies had seen the warning signals the year before and at the end of 1975, they put the brakes on growth by weeding out unprofitable agents, slowing up on recruitment, shortening their terms of credit, and reducing their stocks (though, in the event, the Chancellor's move to give tax relief on stocks proved of great help to the industry as this year's change in the way stock profits are calculated for the purposes of the Price Code would be if any of the companies were nudging up against their profit ceilings).

As a result of all these measures, growth slowed down. Of the three publicly quoted companies to report their mail order interests separately, only Freemans recorded a real volume increase in 1975 though both Empire and Grattan increased their profits. Littlewoods, which in 1972, cut its gross margin in a bid to increase market share, also put on the brakes last year. Sales rose by 20 per cent. but the company said most of this was due to inflation.

## Lost

The Government figures showed the same picture. On the face of it, indeed, it would seem that the mail order industry's reputation for above average growth had finally been lost. Cash turnover in 1975 was up 17 per cent. on 1974 as against a 17.7 per cent. increase in all non-food shops. But given the mail order companies' mix of merchandise, the volume of sales was probably only fractionally less than in 1974, as against the fall of about 1.5 per cent. in non-foods shops as a whole.

Even so, it was practically the only year since the war, apart from the year of the 1971 postal strike, in which the industry did not notch up a gain in volume. In the first quarter of this year, mail order companies again showed a larger volume increase than that recorded for all retailers—and considerably larger than that of the department stores, which in terms of merchandise are probably the mail order companies' closest competitors—but in the second quarter their sales lagged behind the average for the rest of the industry.

This is partly because the second quarter of last year was inflated by the pre-VAT buying boom, which affected mail order operators in the same way as it did all retailers selling lines subject to the higher rate of VAT, but the mail order companies' sales showed a slightly smaller increase than those of the department stores whose 1975 second quarter figures were also distorted by the pre-VAT buying.

In the third quarter, the mail order companies were matching the average for the rest of trade in terms of sales growth, though they were again lagging behind department stores. As for everybody in the retail trade, the fourth quarter is the most important one for the mail order companies.

In the short term it could be argued that any extra buying aimed at beating an increase in VAT could be of particular benefit to the mail order companies because they are offering credit. But in the longer term, any further increase in unemployment could be particularly damaging to the mail order companies as would be any credit squeeze.

Whatever happens, the year ahead is unlikely to produce any really significant growth in the volume of mail order sales. This means that the companies are going to be fighting among themselves for increased sales. Most of the companies are now adopting a more aggressive approach to marketing and recruiting agents than they were 12 months ago so it looks like being an extremely competitive year.

But for the moment the outlook for costs is better than it was. The recent increase in interest charges hardly helped a sector which sells the great majority of its goods on credit but against that wages are going up less fast than they were a year ago. Moreover, all the big companies have reduced their dependency on the Post Office by setting up their own home delivery services.

All this suggests that mail order margins could improve next year but, if demand is really slack, the companies might have to cut their gross margins to get sales and this could undermine any improvement stemming from a reduction in the rate of cost increase. But the mail order companies tend to be very cautious about cutting gross margins.

E.G.

# The big spender tourists

E TOURIST spree has been one dazzling ray of light a dull year for retailing. med not so much with neras and guidebooks, but h empty suit cases and tape asures, the tourists have, in ces like London's West End re than taken up the slack home demand.

As a result some stores, like Scotch Houses owned by eat Universal Stores, have n their sales double and nost all the big London de- rtment stores have been tching up sales increases of least 25 per cent. on last ar. Harrods is expecting to e around £90m. this year as inst £70m. in 1975, while ing the height of the tourist ason in the autumn, fridges' sales were running r 70 per cent. up on the same iod last year.

Some port towns like New- tle and Dover have also bene- d from the boom, along with rist centres like Oxford and nburgh. But, for the jority of retailers round the ntry, the tourist boom has been something they read ut in the newspapers. The ct of the devaluation of the nd for them has not been rds of foreigners anxious to loit the buying power of ir currencies in the British ps, but higher import bills.

1 those towns lucky enough enefit from it, however, the rist boom has lasted longer 1 anyone dared expect. The don stores normally see igners pushing up their sales figures in the summer but this year the tourist season began earlier in the year and lasted longer. Moreover, the people flying in now on special shopping package tours are coming to Britain with the specific purpose of doing their Christmas shopping. For them the Tower of London can be a secondary attraction to the wonders of Marks and Spencer.

Shoppers in Oxford St.

Stories of the money spent by individual tourists abound. In Marks and Spencer's Oxford Street store, where British customers now seem to be a minority, foreigners have been known to buy several racks of ladies nighties in one go. But though it sometimes seems that the Oxford Street stores only have to open their doors in the morning for the tourists to fall in, most of the shops have put some effort into attracting them. Many, like Selfridges, now advertise abroad or in airline magazines, while most claim to employ staff speaking all the main foreign languages.

The big question now is how long the spree can last. Some West End shops say that more than half their customers are foreigners and there would certainly be a nasty vacuum if they were to disappear. Certainly the drop in the value of sterling and the consequent rise in the buying power of other countries has played a large part in this year's boom. But the hope is that the foreigners who have been bargain hunting this year will return even if sterling strengthens.

After all, the argument goes, they will not have only learned this year what a cheap place London is to shop in, but also what a convenient shopping centre it is. Convenient might not, however, be the adjective used by some British shoppers who have struggled to get served among the tourists this year.

In addition there is the attraction of the Queen's Silver Jubilee next year. Oxford Street will be dressing itself up in full festive regalia and even the summer clearance sales will take second place to the event. Before that, however, are the winter sales and the tourists are expected to play a big part in these too. "The tourists aren't pound-crazy idiots you know," says the manager of one London store, "They appreciate a bargain and don't seem to mind fighting for it."

There is nothing new about that. In 1872 Swan and Edgar, "wholesale and retail warehousemen by appointment of Her Majesty the Queen," were respectfully inviting American ladies and gentlemen to "inspect the largest, choicest and cheapest stock of silks, furs, costumes and general drapery goods at the lowest ready-money prices in the Kingdom."

E.G.

# Squeeze on independen

THE PLIGHT of the small shopkeeper has been for some time a subject both of bitter complaint from within the trade and half-hearted nostalgia from the general public. Supermarkets and chain stores, banks and building societies, gas and electricity showrooms have all combined to provide a sameness up and down the country's high streets which is deplored by the heart but often welcomed by the purse.

Yet even so the individualist survives and the character or speciality shop excites, while in terms of trade the independents still claim about 45 per cent. of the £30bn. a year retail cake through about 80 per cent. of the outlets.

The retail revolution began in the 1950s and, apart from the uncertain influence of hypermarkets, the line of progression has led directly to to-day's established trading pattern. Supermarkets, and more particularly multiples, have flourished on price-competitiveness as bulk buying forced bigger discounts direct from the manufacturer while the parallel activity of high street property development gave a further boost to the balance sheet.

Of all the areas of retailing, it is on the food side that the dramatic change has been brought home to the public. From nearly 147,000 outlets in 1961 it is estimated that there are now less than 94,000 and of these something under 16,000 are multiples and co-ops. But during the last few years it is the multiples which have been growing, so the losses have nearly all been among the smaller independents.

Recently, however, this erosion has been halted a little by an economic recession which has stopped people from stocking large freezers or driving 10 miles to the supermarket to do the week's shopping. Instead a trip round the corner has fulfilled the short-term need and the combination of voluntary groups to cut prices and individual ownership to encourage long opening hours and improved customer service have lured some people back to the small trader.

At the other end of the scale, it is doubtful whether bicycle and perambulator shops still merit a separate sector for financial analysis yet this has been balanced by the growth in the number of car accessory and do-it-yourself outlets.

The major squeeze on the independents has not been in buying power or management expertise but in their inability to cope with the cost of high street property or the soaring rate demands of local authorities. So they have moved out of the centres into secondary developments which they could afford but which were less attractive to the mobile shopper. Of course, some speciality shops have pointed the way to survival and high unit value, low floor space outlets like jewellers have also fared better than average. But in the new developments rents have often been beyond the reach of the local man and anyway, in some cases, the letting policy of the developer has been to attract the multiples first and give them preference.

Shoppers can hardly be blamed if they are only attracted to the bargains they have heard about so advertising, often on a national basis, added the lever to bring the price-competitiveness of the multiple to the attention of the public. In the meantime some suburban shopping developments have left the big city small retailer stranded between the attractions of the drive-in superama and the park and ride scheme which sees his rates supporting a free bus service to whisk his potential customers straight past the door.

The public still responds to the variety of choice offered by a multiplicity of small shops and, although there has been a steady decline in the number, the independent has a long way to go before it can struggle no longer. Diversification has been the policy of both large and small outlets and though the little man often opposes bitterly any move by others to poach his customers, the small retail outlets have learned the value of taking on new lines.

Chemists shops may still rely heavily on prescriptions and operate a kind of profit-sharing scheme to support the service in rural areas. Yet, despite battling against dispensaries in group practices, their's is a growth sector which, on the soaps, cosmetics and after-shave side, enjoys heavy support from television advertising. And chemists can also operate a limited voluntary group.

## Benefits

Newsagents, usually known as CTNs, for their triple role which includes confectionery and tobacco, while angry at the sale of women's magazines in supermarkets, are enjoying the benefits of limited, voluntary group buying for sweets and tobacco and are in many cases thriving.

Jewellers, leather and sports, radio and electrical and women's and children's clothing are all areas of growth where the independent can expect at least an average performance level. But men's and boys' wear, hardware and furniture are losing out and could well be doomed to become the almost exclusive province of the chain or multiple.

The whole sector has also been hit by the requirements of the Government. SET was the first in the chain of legislative and fiscal measures which have hit the retailer by longer hours of book-keeping. Multiple rate VAT is probably the greatest headache with the price code as runner-up, but another major factor has been the equalisation of staff pay levels. The steady supply of low-cost part-time labour has, relatively, become a thing of the past as admittedly low rates of pay have been increased and women have been brought up to the full male rate.

Although voluntary groups have worked very well elsewhere, especially this defensive me failed to generate siasm and support c retailers except in the most noticeable

There are argu for and against but success is symptor industry which is introverted to help multiplicity of trad covering each sector many of them fier mous and even t umbrella organisa difficulty in rallying of all their membe

In the last few ye of the small busin been more clearly l becomes a subject i debate. The Conserv set up a study gro which reported or which small busines helped.

There is a great ference between th of a small enginee and a local greeng both have some p common, like the di high cost of borrow and where there capital to be made i ing that the opportu more firmly grasped.

The nation of sho looking decidedly de the way to success clearly marked by th ing retailers who h specialisation, depth ledge and breadth that no chain store to match.

It is difficult enou big battalions to org ing for their staff, e metrication looms promses yet another which will once aga retailer in the firing confused public. But the craft is the ultim It is something the i can achieve and can its staff. And it is sor which the public will miles.

**Stuart A**

# Durables hit

FOR SEVERAL years the marketing of consumer durables has been bedevilled by fluctuations in credit restrictions and changes in tax. After sustained pressure from retailers and manufacturers, and some extremely depressing evidence of the effect tax changes have had on home industries, to the benefit of exports, it now seems that the Government and the civil servants may be getting the message.

The imposition of the luxury rate of 25 per cent. of VAT in March 1975, was perhaps the "*reductio ad absurdum*" of the idea that such regulators are the best way of managing the economy. Quite apart from the arbitrary definition of "luxuries," which included many things commonly regarded as necessary, the effect of cramming almost a whole year's sales into two months before the imposition of the new rates had a disastrous effect on many retailers as well as on manufacturers.

As Mr. Tom Edom, director of the Radio, Electrical and Television Retailers Association, said: "We haven't really had a normal year for the last three years." The boom of 1973 was followed by the oil crisis in 1974, then the imposition of 25 per cent. VAT in 1975 and its reduction to 12½ per cent. in 1976.

The effects of these changes, and indeed the almost constant fluctuation of credit restrictions and tax rates over the last ten years, has made it extremely difficult to trace an underlying pattern of demand for electrical goods and furniture. However, after a fairly poor year, the outlook for 1977 must be fairly bleak on the whole with the prospect of a static or declining market following a year which has itself been characterised by poor trading.

The market for colour television sets is unlikely to exceed the 1976 level of about 1.6m. sets. The market for hi-fi and audio shows some signs of retaining buoyancy, possibly because television is becoming a "routine" item in many households, whereas hi-fi and audio with its great variety of equipment provides a range of novelty at widely different price levels.

The domestic market for the TV extras, like video cassettes, and teletext is still in its infancy and is likely to be slow to take off in the present overall economic climate.

## Static

The market for washing machines, and driers, depressed by the long, hot summer, now shows signs of picking up, but the U.K. washing machine market is unlikely to go much beyond the present level of 1m. units a year which was down 9½ per cent. on 1974-75. Refrigerators are selling at about 1.3m. units a year in a fairly static market which depends upon replacements, new households, and some upgrading to larger units.

The market for new furniture has been depressed by the slowing down of housebuilding, but sales of kitchen units have held up well and helped to produce a slight overall growth. The prospects for next year, with the housing market even more depressed must be fairly poor.

The problems of the trade are not helped by the continuing 12½ per cent. VAT charged on luxury goods, which most retailers consider to be not only unjust, but a short-sighted policy of discrimination against a certain sector of manufactured goods. One of the main complaints is against the levying of luxury VAT on servicing, which has made it much harder for retailers to improve the speed and efficiency of repair work.

This is felt as a particularly unjust imposition at a time when retailers have made a big effort to improve servicing and to get rid of the image of unpunctual, expensive and sometimes shoddy service.

The new drive was evidenced by the code of practice issued by RETRA in September, negotiated with the Office of Fair Trading. This code provides a guarantee of both parts and labour for 12 months regardless of a manufacturer's guarantee. It says that if a retailer is unable to repair the goods within 15 days he will lend a similar one to the customer. Perhaps the most important item of the code is that retailers agree to visit the customer within three working days of receiving a request for repairs.

As labour and other costs increase, however, servicing is inevitably becoming more expensive, with a minimum charge of £5 or more quite common now. The imposition of VAT at a high rate on these already high costs has opened the way for pirate servicers who take on jobs in their spare time for cash payments.

## Diversify

While retailers do not on the whole make much money out of servicing, it is in their interest to make sure that the job is done promptly and efficiently. A similar problem facing the specialist retailers is the increasing competition from the large multiple stores as they diversify into small electric appliance sales.

The large stores, particularly those which specialise mainly in groceries or clothing, cannot offer anything like the detailed knowledge or service backing of the specialist shops. This means that customers will continue to rely on small electrical shops for many of their needs, particularly small sales and servicing, while in difficult trading conditions the shops are being deprived of a significant portion of basic sales.

At a time of depressed demand it is inevitable that margins will be squeezed and a greater emphasis will be put on new types of product to stimulate sales. In the furniture trade margins have been considerably reduced from their historically high level, and the prospects are for even greater cuts as retailers struggle for their share of a declining market.

It is unlikely that manufacturers will also continue the trend for greater mechanisation and a more factory style of production, with a continuation of the search for new materials to substitute for expensive woods and veneers.

In the white goods sector micro-electronics is expected to make an increasing impact, with a computer "brain" on a silicon chip replacing the more cumbrous electrical/mechanical control systems. The electronic control of washing machines introduced by Servis this year could potentially bring greater reliability, but as yet cost savings are not apparent and other manufacturers are still hanging fire. Cookers, mixers, vacuum cleaners and many other appliances could all benefit potentially from micro-electronics.

At the same time, the full benefits of integrated circuitry have still not been exploited in radio, television and hi-fi equipment which can still be expected to come down in price (in real terms, though not in monetary terms).

These likely benefits will all be welcomed by retailers at a time of increasing difficulties. But the greater reliability which integrated circuits can potentially provide, is likely to increase the tendency for at least the smaller consumer durables to be sold off the shelf from supermarkets and discount warehouses, at the expense of the small retailer.

**Max Wilkinson**

# Menswear shops face problems

A somewhat dramatic ment to members of the swear Association of ain, its president Mr. an le Mottee warned ral months ago that for the ent size of the market as as 2,000 of the present 0 menswear shops were ably surplus to require-

t although the remark was ded mainly to serve as ragement to menswear lers to step up their selling ts, it nevertheless high- s the serious problem the r has been facing for the year. The big multiple s, accounting for more half total sales, and the independently owned s, have been suffering from longed stagnation in trade although there have been signs of a seasonal pick-up ecent weeks, few retailers t next year to be very better than the present.

the problems further eam in the textile industry ndicate, consumers have in course of the recession ntly lost the clothes- g habit with expenditure clothing in the second er of this year no higher 70 prices than in 1974, and inally down on 1975 and . Nor has the situation very different on the nent where consumers not as in the U.K. been iencing a decline in their living standards. In the six months of this year e retailers reported an ase of only 3 per cent. in in Germany, with con- rs evidently choosing to e any extra money avail- to other goods such as cars.

## sing

e effect of the low level ending coupled with con- lly rising costs has been in the results of leading menswear retailers. Foster ers with 700 outlets in- ed its sales turnover by cent. in the six months to st 31, compared with the sponding period last year, rofits were down £250,000 .655m. Hepworth's profits down £600,000 at £2.8m. the corresponding six s' period, though the com- does report an increase nover of some 17 per cent. e first months of its t financial year.

tly because of the ssed state of trade and for other reasons the t U.K. menswear retailer, n, is expected to report when its results are pub- shortly, and in a bid to sort out its problems, most of which stem from its menswear retailing operation, a major Boardroom reshuffle has taken place.

Other recent moves include the decision by GUS to close 11 of the 14 Pierre Cardin shops run by its Hector Powe subsidiary, and the introduction by Austin Reed of womenswear into its stores. Austin Reed is hoping to take advantage of the increased tendency for men and women to shop together, but it is also making the move because it feels that the group to which it appeals—middle-upper income earners—has been hardest hit by tax increases and wage limits, and that a broader base must therefore be sought.

Throughout the past year the women's wear market has proved somewhat more buoyant, though there have been some areas where sales have been badly down—such as tights. The unit value of women's clothing is generally below that of most items of menswear and for this reason purchases of clothing by women have tended to be less vulnerable to the squeeze on incomes.

Thus the big groups have had far fewer problems in their women's wear than in their menswear operations. As in menswear, however, the prolonged hot weather this summer affected sales, with consumers reluctant to come into shops and able anyway to make do with fewer garments. Sales have recovered this autumn but many of the major clothing producers have begun to look to overseas markets to counter the decline in the U.K. and the increased proportion of the market now being taken by imports.

Marks and Spencer, one of the leading U.K. retailers of clothing, with sales of £584m. in the year to end March, has warned that it is not finding the present economic climate conducive to sales of clothing and the company is now experiencing more rapid growth on its food side.

The problems facing men's retailing reflect not just the present stagnant state of trade, however, but the very considerable changes that have taken place over recent years in the market itself. The big multiples such as Burton, UDS, GUS and Hepworth have had to adjust to the switch away from made-to-measure suits which have always held a far bigger proportion of the market in Britain than in any other part of the world.

The made-to-measure suit, which only a few years ago held more than 50 per cent. of the total market, has now declined to less than one-third, and to compound the problem suit sales have also fallen as other types of clothing have become popular. Jeans now hold a very substantial share of the market and of course are worn with other casual wear such as knitwear rather than jackets.

The decline of the made-to-measure suit has already resulted in considerable rationalisation of production in Leeds and the North East where the main men's suits factories are located. UDS, which operates the John Collier and Alexandre chains, has recently shut a major unit in South Shields employing 500 people and dismissed a further 100 at Leeds, and other closures have also taken place.

Changes in the type of clothing men have been wearing and the introduction at the same time of a strong fashion element into menswear have presented retailers with other problems. As recently as 10 to 15 years ago the bulk of shirt sales were still white, with blue the traditional second favourite. White now qualifies as a fashion shirt, such is its rarity, but while greater variety has stimulated sales it has also meant retailers must now carry very much larger stocks.

## Cheapest

The problem of financing very much higher stock levels has had its effect elsewhere in the textile chain. For with other costs also rising it has made it necessary for retailers to look much more closely for the cheapest source of supply; this has usually meant imports. In shirts, the most important men's fashion garment, importers have managed to capture more than two-thirds of the market.

With imports in all textile sectors taking an increasing share of the market throughout Europe the fibre and textile industry has been looking to resumed growth in demand to bring at least partial relief for its problems, and if efforts to stimulate more consumer spending are successful retailers should benefit. Hoechst of Germany has recently launched a major campaign in a number of European countries with the aim of diverting into textiles some of the consumer spending now going to other products such as cars. Other producers have also stepped up support for their brand names.

The biggest of all campaigns under way, however, is a £4.5m. exercise launched in September by the International Wool Secretariat, in association with manufacturers and retailers, to promote a return to the formal suit, with particular emphasis on the young man's market. The campaign is being run in 19 countries throughout the world under the title "Man in Wool" but much of the money will be spent on advertising in Europe, where it is reckoned around 44m. suits per year are bought, with Britain still the biggest market.

The problems which both the textile and retail sectors have faced in recent years has also given renewed impetus to attempts to improve the interface between the two sectors. The National Economic Development Office outlined in a report published last week, Developing the Textile Pipeline, a new system which it hopes to establish in the New Year designed to give textile and clothing manufacturers, and retailers, a much better idea of what is happening in sectors other than their own.

The system, which will bring together information gathered at all levels of the pipeline on orders, output, sales and other key statistics, would enable manufacturers to see in advance signs of an increase of a fall in demand at retail level, enabling them to adjust production accordingly. The report points out that many companies at present continue to produce and build up stocks after a downturn has set in, and are then forced to cut back output and labour.

At times of upturn it then often proves difficult to recruit labour and output rises more slowly than demand, leading to the familiar complaint from the retail sector that goods it requires cannot be obtained in Britain. With each recession and subsequent upturn a part of the textile industry is lost, increasing the dependence of the retail sector on imports.

The retail sector, whose co-operation in the new system is now being sought, will also benefit, NEDO hopes. Retailers will get advance warnings of production problems building up or of over-capacity at their suppliers and will be able to adjust their ordering pattern accordingly.

The system will not solve the immediate problem facing menswear retailers—the current flat state of trading. It could mean, however, that manufacturers and retailers will be able to work together in the future to minimise some of the effects of the textile cycle on their business operations.

**Rhys David**

# Chemists shielded from recession

HE face of it chemists— armacists as they prefer called—are in a better n to withstand a recession many other sectors of the trade. After all, people being ill whatever the mic situation and the nment usually goes on their bills for drugs. ver, chemists are in the unique position of a large part of their er protected from price tition. Drugs sold over unter are the only things, from books, still covered tail Price Maintenance image of a healthy ry is heightened by the hed results of Boots, by e largest chemist chain is country, with 1,100 branches. Weston, recently taken over by the photographic specialist Dixons, may be having its problems but Boots is continuing to record real growth in its retail sales. And, it is Boots which most readily comes to most people's minds when the word "chemist" is mentioned—an association of ideas which the pharmacists' professional association is not too happy about.

The Government statistics also suggest that chemists have done better in terms of the value of their sales than some other sectors over the last six years. Whereas the index for all shops coming under the heading "miscellaneous non-food shops" had risen from 100 in 1971 to 174 in 1975, the index for chemists and photographic dealers (excluding receipts from the National Health) had grown to 182.

The growth was not, however, spread throughout the industry. The index for sales by independent chemists had risen to only 159 during the same period. And, while the multiple groups, like Boots, have been increasing their penetration of non-traditional markets like baby clothes and household durables, (Mrs. Tessie Boots, obviously a woman of great foresight first started branching out of conventional pharmacy in 1906), the others have been fighting new challenges from other sectors of the retail trade.

In the early sixties, the chemists saw a large slice of their business going to supermarkets and other grocery outlets. As supermarkets have grown, so have their sales of toiletries, sanitary protection products and even items like indigestion remedies and analgesics which the pharmacist once saw as his exclusive preserve.

Well over half the toothpaste sold in this country is now sold through non-chemist outlets and grocers now have the lion's share of such lucrative markets as paper products and soaps. The chemists, along with the department stores, have generally managed to dissuade the manufacturers of the more expensive brands of cosmetics from launching a price war by starting selling to supermarkets but even in this sector, the supermarkets are putting pressure on the manufacturers to change their distribution arrangements.

Although profits margins on goods like paper products and toothpastes are generally lower than on medicines, it is these big selling lines which traditionally help boost turnover. Moreover, the fact that grocers—and Boots—were cutting the prices of things like toiletries has meant that the independent chemist has had to cut his prices if he is not to lose sales.

## Product range

The chemists have tried to retaliate. Boots is not the only chemist group to have extended its product range, though the size of its stores means that it has more room to manoeuvre than most. The London chain of Underwoods, for example, is now selling jeans in some of its bigger stores though some traditional pharmacists would feel that such a diversification was ill-suited to their business.

Many pharmacists feel uneasy about the highly commercial nature of such ventures in a business which they regard fundamentally as a profession, with a standing in the High Street to preserve. Pharmacists have a long training, and though it may be geared more to the professional aspects of running a

CONTINUED ON NEXT PAGE

# Your local tobacconist

WHEN WAR gratuities and insurance endowments meant that people could think of setting up a little business of their own a popular favourite was to buy a newsagent's shop selling sweets and cigarettes and to wait for a steady income. Minor problems like the 5 am call to sort and mark the papers and the emergency bicycle to cope with a round uncovered at short notice by a schoolboy with a cold were glossed over. The new and proud proprietor pictured himself gently smoking a pipe, sipping a cup of coffee supplied by his smiling wife and indulgently weighing out the odd quarter of bull's eyes.

Instead he found himself with a seven-days-a-week demanding job, six of them often with morning and evening papers. And if Mrs. Jones didn't receive her Dog's World on the appointed day then he risked a volley of abuse and a threat to move the whole order to a competitor further up the street.

One leading expert on this retail sector recently described it as "struggling and worried" after a poor year in 1975. In that year it accounted for about 7.8 per cent of the total turnover and had held that much only because of frantic attempts to diversify into books and records, greeting cards and stationery, ice cream and drinks, tights and torch batteries.

Wages are up, newspaper sales in total are down, sweets and chocolate have been depressed by two good summers. VAT took its toll and the cigarette market has become so confused by price increases and price wars that both retailer and customer are confused.

However, there are signs that the trade's own gloomy view of itself may be more geared to the general decline in the number of outlets than the potential profits. Rising prices usually mean that the retailer takes his share and this is certainly true of newspapers. The tobacco companies are wooing the retailers assiduously and the growth in the number of separately packaged sweet lines of pre-packed weights should mean less waste and more assured profit. But it is very difficult to sell soggy bars of chocolate on a hot summer's day.

## Single

There has been a steadily growing tendency for the multiples to take a greater share of the trade over the past ten years and this has allowed them to maintain their High Street positions. But the single outlet or small chain of perhaps three or four shops is far from overawed.

Attempts by the chemists to see the sale of mild drugs by self-service methods banned have failed and the recent swing to king-size cigarettes because of the heavy advertising battle among the manufacturers have led to higher profits.

In adding to the number of lines carried, the sector has become better able to level out the peaks and troughs of seasonal sales and at the same time become socially more of a traditional corner shop.

The specialist sweet shop is becoming a rarer species and has in most cases at least taken on tobacco as well. Their owners face a major upheaval through the metrication programme as scales and prices will have to be replaced. Undoubtedly many will survive but equally there will be some reduction in numbers as supermarkets and multiples continue to take advantage of impulse purchase and pre-packed lines ease handling

There is a clear end in sight for weighed-out sweets in any shops rather than the few specialists that will remain. The public is far easier handled with pre-determined packaged amounts and the problem of conserving in top quality the jars of sweets on the shelf is removed.

There are, however, still a large number of tobacconists selling other smokers' requirements as well. For them the problems are two-fold. First there is the recurring jolt given to the market by any Chancellor who decides to extract a little more revenue from the public. This always has a temporary effect of reducing the market and the last increases have been such that the global sales have never fully recovered.

The second is the peculiar position brought about by the impending harmonisation of EEC taxes. These will be imposed on either a value-added basis or a specific duty on a packet of cigarettes regardless of its relative retail price or a mixture of the two. Whatever happens, because of the constantly high proportion of packaging costs, this will lead to a narrowing of the very wide price differentials which are a feature of the U.K. market.

To take account of this the manufacturers have already begun a marketing campaign which concentrates on the higher and lower price brackets. This has meant that it is often possible to buy a packet of king size cigarettes for the same price as a standard size. At the same time there has been a shake-out in the coupon incentive marketing pattern, again a feature of the British market, which has led to some brands now being made available in both coupon and non-coupon versions.

## Discount

During all this promotional activity the retailer has also been offered discount incentives. This has led to increased pressure on shelf space as more and more brands and their derivatives are advertised by the manufacturers, while both the consumer and the retailer are confused over the products available and the relative prices.

There is some evidence to suggest that coupon trading will eventually be severely curtailed to one or two brands from any of the manufacturing groups. But the cigarette retailing and manufacturing scene is likely to continue to see a string of new products in the near to middle future as public tastes are encouraged to switch to cigarettes with a lower delivery of tar and the expected introduction of cigarettes containing cellulose substitutes which will further fuel the health controversy.

For the newspaper agents, which account for about 36,000 of the 52,000 shops in the CTN category, the disruption caused by industrial disputes still poses the main headache. The newspaper has a very short shelf life and a sale lost is lost forever. Delivery to the retailer can be affected not only by problems at the main production end but during transport to the wholesaler and again from the wholesaler to the shop.

One way in which the delivery process is being speeded up is by train packing. Instead of waiting until the newspapers arrive in bulk at the regional wholesaler before being broken up and passed on they are now bundled for individual retailers while the train is en route. However, even using this improved method a simple lights failure can lead to havoc.

So the retailer is coping with a drop in total sales as cover prices lead people to take one paper instead of two; the newspaper bill was always vulnerable to cuts when a family was looking for economies in its budget. Wages, although still low, have gone up by 75 per cent in two years and this has been exacerbated by the equalisation of female rates.

Laws on the employment of children mean that newspaper rounds cannot begin before 7 a.m., must not last more than an hour and cannot be undertaken by children under 13. Rates are usually about £2 a week depending on the size of the round but in addition the retailer is required to see that bicycles are in good order, the children properly clothed and bags provided. But the service must continue, for otherwise retailers fear that the total sales of newspapers would drop dramatically if th[...] only on counter s[...]

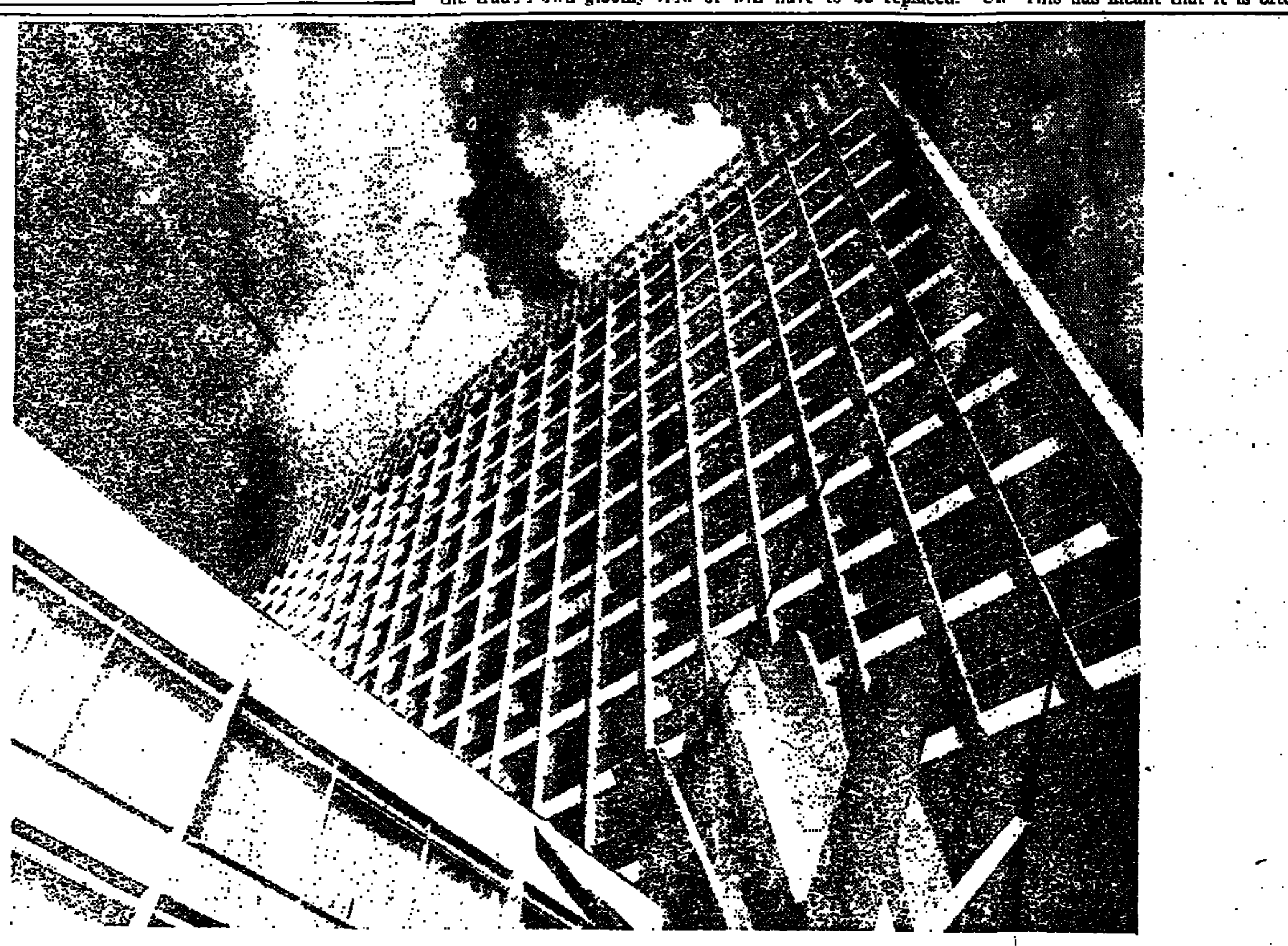
On the face of [...] seem to be sco[...] voluntary groups [...] They carry com[...] apart from region[...] to the product m[...] is less importan[...] instance, the rag[...] some group buyi[...] products and the [...] called Superchoi[...] 1973 by the Trebo[...] sale company Mof[...] thought to have l[...] members.

## Carved

The newsagents[...] problem with new[...] stranglehold of th[...] who have often c[...] country between [...] this is not always[...]

But with the [...] supermarkets in [...] tors it still seems [...] could band togeth[...] associations for tol[...] confectioners re[...] gamated but there [...] reluctance to se[...] sector come unde[...]

The desire f[...] autonomy is u[...] among a group o[...] by their very nat[...] ness have chose[...] pendent line. But [...] improve profit ma[...] ing at a better [...] eventually prove t[...] effective way of [...] that independence.



J.M. Centre, Liverpool – headquarters of the Littlewoods Organisation



# Chemists

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pharmacy and advising the public on medicinal problems than running a shop, it is one which enables chemists to play a unique role in the High Street —a role with neither the National Health Service nor the public could do without. An indication of the importance of this training is given by the fact that Boots still employs trained pharmacists as the managers for all its shops.

But the stress on the professional nature of pharmacy can inhibit the use of what in other business would be regarded as legitimate commercial methods of increasing sales. The pharmacists' professional association frowns upon its members using the word "chemist" in their advertisements and there have been problems when chemists tried to promote themselves as a voluntary group, similar to those which have done much to help the independent grocer fight off the challenge of multiple supermarkets in the food business.

## Impact

The voluntary groups are, however, beginning to make more of an impact. The pharmaceutical wholesaler, Unichem, broke new ground in October by using television advertising to draw the attention of chemists to the service it provides. At the same time, the profession has itself been trying to protect its more vulnerable members.

At present chemists are estimated to be closing at the rate of 250 a year, though the figures for 1976 suggest there may be fewer closures this year than last. To-day there are 10,973 registered pharmacists — of which 1,100 belong to Boots and 300 to the Co-op. This represents a fall of 20 per cent. over ten years.

In this situation, it was not surprising that chemists reacted bitterly to the Medicines Commission reversing its recommendation to ban the selling of certain pain killers, like aspirin, by self service. In effect, the ban would have meant that many supermarkets would either have had to stop selling such products or change the way in which they sold them. The pharmacists, who had seen an increasing proportion of the analgesics market go to grocers, not unnaturally backed the recommendation on the grounds that the public would be better protected from the dangers of drug misuse if they could not buy analgesics in the same way as harmless grocer products.

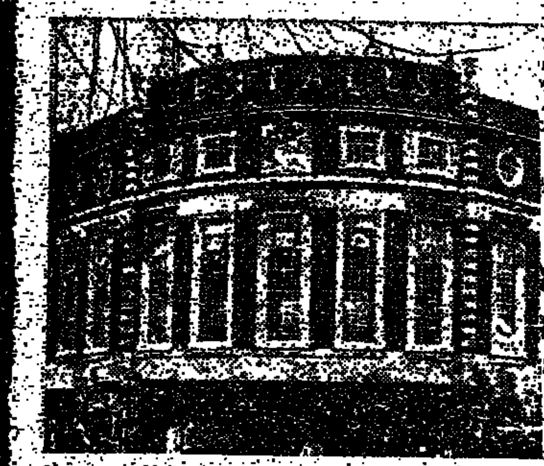
The trade organisation representing the grocers, however, fought back, arguing that such a ban would reduce the availability of such products to the public, and the Minister of State for Health asked the Commission to review its proposals. In October, the Commission announced that, subject to certain changes in packaging, it would not press for a ban.

Since chemists might seem to have an enviable backbone of prescription business, which is immune to encroachment by other shops, the fuss they made over the Medicines Commission's decision may seem disproportionate. However, in the profession's view, the proposed ban was vital to protect the public interest. Moreover, the National Health business, though of increasing importance to the independent chemists, is not as rock solid as it might first appear.

While NHS business now accounts for only 15 per cent. of the total turnover of Boots, it accounts for over half the sales of the average independent chemist as against about a third 20 years ago. But the development of health centres, which bring together several doctors under one roof, means some chemists are finding their prescription business is collapsing merely because th[...] has moved to the [...] town.

At present there [...] in Britain for ever[...] — a higher number [...] European countrie[...] lem is that many [...] wrong place from [...] point of view and [...] in rural areas, bare[...] ally viable. It is li[...] will be one of t[...] studied by the Ro[...] sion on the Nat[...] Service over the n[...] but by the time it [...] probable that sev[...] more chemists will[...]





Photograph: Main store at Kingston upon Thames

How safe are we from accidents involving nuclear radiation? The accident at Windscale has revived concern about the dangers.

# Radiation risks: polemics and reality

By DAVID FISHLOCK, Science Editor

BRITISH workman was posed recently to an overdose deadly gamma rays from a d of metal removed from a iclear reactor. He had mis- ad his own radiation monitor d remained too long near the thal rod. A three-page account the event was sent to every tional newspaper in October. attracted no attention whatever.

During the same month when e account was circulated—ider a black heading saying Learning the lesson"—the anagement of a nuclear ctory in Cumbria first learned radioactivity in the ground se to a concrete silo storing other metal removed from clear reactors. Two workmen 1o had been excavating mdations for a new silo re exposed to radioactivity. e management chose not to blicise the event. The result s a public statement by Mr. ithony Wedgwood Benn, cretary for Energy, to the ect that in future he wanted hear immediately of every clear industry incident, "however apparently insignificant," d subsequent calls from Ps for the management's signation.

The important difference tween these two events is t the harm that might have en done to the three workn had they remained exsed to the radiation for long ough. As the chart shows, we e all exposed to some radian—a great deal if we have undergo certain medical eatments. But in fact the men re not exposed to danger for ng enough by a very large tor of safety. The important ference is that the unpubliied event took place in a hospital in Southampton, one of no fewer than 95 National Health hospitals using the deadly metal rods as X-ray sources in England and Wales alone, whereas the widely condemned event took place at a unique factory (for Britain) called Windscale.

Windscale, once a war-time ordnance factory, was the factory where plutonium was made and refined for the first British nuclear weapons. Its management has been preparing the transition to a purely *civilian role for Windscale* since 1962, when the defence chiefs decided that they had all the plutonium they needed for weapons. In 1971 it became one of the factories of a new State-owned energy company called British Nuclear Fuels (BNFL).

For the past year Windscale has scarcely been out of the news. Its troubles began when the Daily Mirror ran its "nuclear dustbin" stories in October last year, alleging that the company planned to turn Britain into a repository for the world's radioactive nuclear wastes. The newspaper soon dropped the stories—but not before others had enthusiastically entered the chase.

As a result Windscale is firmly fixed in most people's minds as the centre where the British nuclear industry is carrying out its most deadly operations—reprocessing radioactive fuel, refining plutonium, storing radioactive wastes. All this has become of far greater public concern than its actual safety record.

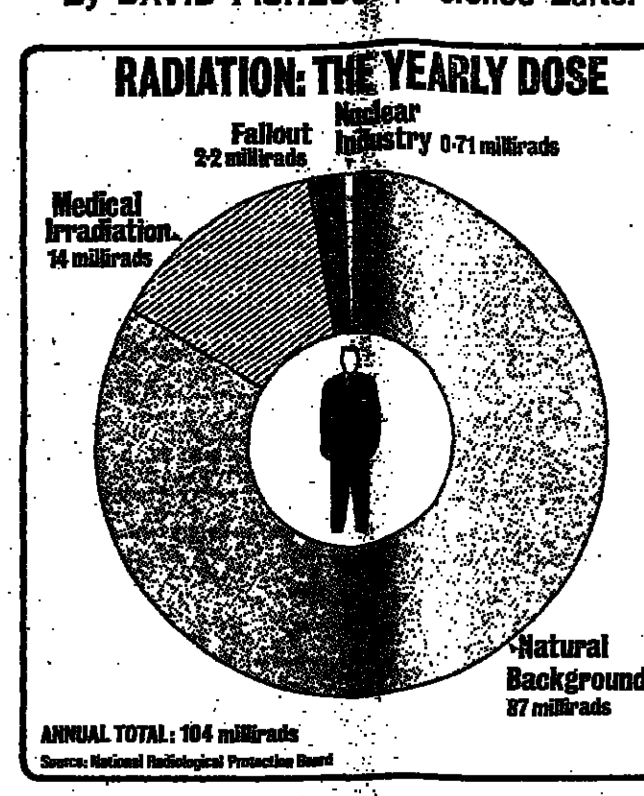
It was not, as is widely believed, the dreadful consequences of the atomic bombs dropped on Japan in 1945 which first alerted industry to the risks of "ionising" radiation. Documented cases of "atomic disease" go back to miners in uranium-rich regions in the 19th century. They attracted scant attention, however, until 1924, when the Press disclosed the terrible story of the "radium girls" of Ottawa, Illinois, and East Orange, New Jersey. These were women who painted luminous numbers on watch and clock dials, using a paint containing traces of radium. They were in the habit of bringing their brushes *to a fine point by sucking them* gently.

The radioactivity of radium-226 ate away their mouths, teeth and jawbones. Because radium accumulates in bone tissue, it eventually eroded the whole skeleton. Victims of this new industrial disease nicknamed themselves the "society of the living dead." Most died before they were 30: the last survivor, who had worked as a radium girl at 18, died in 1954, aged 48.

The irony of this case is that it was caused not by a man-made material—the charge so often made against toxins of all kinds, especially plutonium—but by a natural element, mined and refined in traditional ways. "Nothing in life is to be feared, it is only to be understood," Mme. Curie once said. She was the scientist who discovered the deadly poison, radium, and put it to such valuable use in medicine until cheaper sources of radioactivity came along. Mme. Curie herself died of aplastic pernicous anaemia, almost certainly a consequence of working with pitchblende, a natural source of radium-226 and its beta-radiation.

Then came the Hiroshima and Nagasaki bombs, when whole populations were exposed to intense radiation. They produced three waves of deaths from radiation. The first, one to three days after exposure, was caused by damage to the blood supply to the brain. The second, after about 10 days, was *through damage to the* intestine. The third, after about 30 days, was through damage to the blood-making system. If the unfortunate victim of whole-body radiation survived all this abuse, however, he usually recovered spontaneously from his ordeal.

But by "intense radiation" is meant doses of thousands of rads—a rad being the unit of ionising Radiation Dose Absorbed. For practical purposes a rad might be compared to a gentle kick. A dose of several thousand rads is likely to kick the recipent un*conscious. For anyone who* works with radiation—whether reprocessing spent fuel or treating patients for cancer—the maximum permitted whole-body dose is only five rads a year. Should he happen to receive it in one dose, he is put on a spell of work involving no risk of radiation.




Sources and amounts of radiation a person in Britain can expect to be exposed to in a year.

Forewarned by the traumatic experiences of the past, the nuclear industry which began to develop after the Second World War adopted standards of safety and hygiene unknown before. Even so, by the late 1960s a handful of accidents had been documented. A dozen people had died and another 32 had suffered serious injuries. One had even committed suicide in this way.

Ironically, the accident which caused greatest loss of life occurred *far from any nuclear* reactor or factory, in the home of a Mexican schoolboy. This 10-year-old had found some cobalt-60—the same material which irradiated the hospital worker referred to at the beginning of this article. He dropped the "trinket" into his pocket, where it remained long enough to *kill* him eventually. His pregnant mother found it and put it away in a cupboard. Mother, sister, and grandmother were all killed before the cause was discovered.

No one (yet) has seriously accused Windscale of exceeding the recommended maximum dose, which is set by the International Committee on Radiological Protection. The recent report of the Royal Commission on Environmental Pollution, much used as a stick to beat the nuclear industry, saw no cause to quarrel with ICRP standards. *Of the 15 deaths which* have occurred at Winscale since the factory began work for the civil nuclear power programme, not one has been attributed to radiation. During the same 15 years, as Mr. Con Allday, BNFL's managing director, points out, about 2,300 miners have died.

Among the 4,000 workers at Windscale there are about 500 women. Although none is employed on industrial process work, about one-tenth of them work in the building where spent fuel is reprocessed. Others work with radioactive materials in the laboratories. Sister Dorothy Finch, senior sister in charge of the medical department at Windscale (where she has worked since 1959) says that she spends more time worrying about the risks to its women from medical X-rays *than from inadvertent* exposure to "nuclear" rays.

But in an industrial operation of this size and complexity there will inevitably be spills and leakages of radioactivity from time to time. One, in 1973, exposed 35 men to radioactive gas. None was physically harmed — although some exceeded their permissible annual dose. But the accident has proved an extremely expensive one for the company to rectify. What is more, the event has given pause to reprocessing projects all round the world.

On the credit side, the nuclear industry has taken each lesson to heart. One scientist who, independently, studied 23 serious nuclear accidents causing death or sickness concluded that "the lessons learned seem to preclude that any one type of accident would ever be repeated." The kind of accident (arising from inexperience) characteristic of the experimental years has given way to unexpected combinations of events which have eluded safety precautions.

The initial reaction of the nuclear industry to Mr. Wedgwood Benn's demand that he be told of every incident, "however apparently trivial," was one of indignation that he should wish to involve himself in such rare and normally quite innocuous events, when each week sees another coalminer killed, and each month a North Sea diver. On reflection however, it should come to see that it lifts from the industry the whole burden of deciding whether (and how) to publicise an incident.

The nuclear industry is going to have to live with a strong *public* concern for radiation. The perfectly justified apprehension is no doubt on occasion exploited by interests vehemently opposed to nuclear power, which have abandoned earlier targets such as the inherent dangers of reactors and "hot particles" of plutonium. At the outermost fringes are the "*nuts*" such as the group of self-styled environmentalists, who threatened—of all things—to explode a nuclear weapon themselves if the Australian Government did not ban exports of uranium. Like uranium, reprocessing plutonium—and hence Windscale — are key targets because of their importance to the continuity of nuclear power.

The Nuclear Installations Inspectorate of the Health and Safety Executive, responsible by statute for the safety of nuclear factories, already answers to *Parliament through the Department* of Employment. Now Mr. Wedgwood Benn also wants to pass judgment. But what the public awaits from Mr. Wedgwood Benn is his opinion, as Secretary for Energy, whether Britain is pursuing the right course in the first place in developing its nuclear industry.

# Letters to the Editor

## The price of current cost

*om the Chairman, Glynwed.*

Sir,—It was refreshing to read e Lombard article on Current st Accounting (December 8). There are many technical pects of the Morpeth Report ich cause concern, but for the esent it is worth mentioning o non-technical matters.

First of all, I believe that the nual report and accounts of companies are becoming more d more difficult to understand r the ordinary Ordinary shareIder, but at least our 18,000 embers can measure one year th another to see whether we ve done better or worse. There ems to be no way in which this ll be possible under CCA.

Second, the suggestion that A will enable companies to ive at realistic prices—which, this day and age means higher ces—is clearly a danger to our port trade. We at Glynwed, just because it is Export ar, but because we have not e well enough in the past, making very real efforts to better, and we are helped being low-cost producers comed with most of the rest of world. Indeed, we are conntly told that one of the dvantages" of a devalued rency is that it makes us comitive.

CA seems designed to put us a disadvantage to our prinal overseas competitors, for Board of directors would willly export at prices which uld then show a loss in the nual accounts, even though the s was created by some very oretical adjustments.

Fletcher,
*adland House,*
*o Coventry Road, Sheldon,*
*mingham.*

## Comparative performances

*m Mr. N. C. T. Pawson.*

Sir,—It has become the lared aim of Government and s always been the aim of insters to pick out winners. The counts of companies form an egral part of this selection ocedure, and it is therefore vantageous if the performance different companies can be npared using this means. wever, in present times of *lation it has been decided that* torical accounts are inequate and that Current Cost counting (CCA) is the answer.

The problem with CCA is that concentrates only on assets, d these form only half the lance sheet. Accountants, who subservient to accounting ndards and for whom prunce is a never-to-be-forgotten rd, are loath to record bilities at any amount less an their nominal value. But til long-term loans of comnies are included at their esent value, which should perps be calculated by discountg the future liabilities at the levant rate of interest on the t yield curve at the approlate date, CCA will remain a lf-truth, and will not fulfil its tentially useful role.

C. T. Pawson.
*Radnor Walk,*
*ndon, S.W.3.*

## Overseas call for executives

*om Mr. M. Egan.*

Sir,—Nicholas Leslie comented on The Management ge (December 8) on the overas demand for executives from e U.K.

He reports the "feel for the market" which MSL and PER claim to have and their resulting difference of opinion on the matter. Valuable statistical light is available from the Office of Population Censuses and Surveys' "Population Trends." What is clear from the latest quarterly figures is that net emigration of "professional and managerial" males (roughly MSL's categories) of all nationalities rose sharply throughout 1975 and continues to do so. And this against a shrinking trend of net emigration of U.K. citizens reported by the OPCS "Monitor."

It is also interesting to note that emigration and net emigration to the old commonwealth countries and the U.S. continues to exceed substantially the figures of those going to the whole Middle East area, where bachelor status tends to be offered rather than family accommodation. This may camouflage what PER sees as the lack of "increased demand elsewhere."

Michael Egan,
Senior Consultant.
P.A. Management Consultants,
Personnel Services Group.
*Hyde Park House,*
*60a, Knightsbridge, S.W.1.*

## Employment agencies

*From the Secretary-General,*
*The Federation of Personnel Services of GB.*

Sir,—We wish to comment on the article by Sue Cameron (December 6) in which she compares the public and private sectors of the job-finding business, using as one of her sources a document recently published by us—"A Case of Public Waste."

The balance of the article was less than fair to the private agencies, above all because it insufficiently emphasised that they are financially self-sufficient in providing their socially valuable services, whereas the Employment Service Agency costs the taxpayer £112m. per annum. This fundamental difference means that like is not being compared to like.

It is simply not true at present that the private agencies are losing business to the job centres but we are concerned that this may happen *in the future*, again at the taxpayers expense, if unlimited funds continue to be available for opening a chain of over 900 lavishly equipped job-centres, which may then harm the useful, and profitable private sector. Our concern for the livelihoods of our members is in this context synonymous with that of the taxpayer.

Whether salary bills in the private sector agencies are 7 times smaller than in the public sector (as we maintain) or four times smaller (as Miss Cameron suggests) the multiple is still an indictment of the public sector. In the context of the cost-effectiveness of the activities of the ESA Miss Cameron has not mentioned the loss of £2m. per annum (including its social work subvention) incurred by PER. One of this federation's medium-sized members places more people per annum than PER with less than a third of the 35 offices and less than a sixth of its 600 staff.

Miss Cameron suggests that our criticism is vicious, but our main source of information for "A Case of Public Waste" was the Sixth Report of the Committee of Public Accounts. Their criticism like ours was fundamental and strongly-expressed, but not vicious. We find it surprising that Miss Cameron's view is so much more favourable to the public sector than that of an impartial Parliamentary committee.

This debate is, however, a sad one, and the apparent conflict between private and public sectors has little to do with the task common to both of finding people jobs. Our motivation in publishing "A Case of Public Waste" was to place on record the contribution by private agencies in reducing the time that people spend unemployed between jobs, and to record our frustration at the repeated *refusal this year of the Manpower* Services Commission to discuss with us co-operation to assist the unemployed. This remains our aim.

D. J. Cropper.
*120, Baker Street, W.1.*

## The case for a dearer pound

*From The Executive Director,*
*Logan Muckelt and Co.*

Sir,—Mr. Buckland (December 7) appears not to have considered the fact that the lower the parity of sterling *vis-a-vis* other currencies, the higher the cost of raw materials we have to import for processing and re-export. Until the cost adjustment works through, which is extremely difficult with a falling currency, the export price does not reflect the true replacement costs. Thus further foreign exchange is lost.

May I suggest therefore that if the parity of the pound is raised by say 10 per cent., and industrial production is also increased, the export cost per unit should remain practically the same thus offsetting sterling's rise. Equally the cost of the imported raw materials will be lower pro-rata and thus save us foreign exchange.

I would have thought a cheaper pound is not really to the interest of this country and we all know that Germany is doing very well thank you with an appreciating D-Mark. The question is, however, can our industrial production back a dearer pound?

C. G. Steriopulos.
*Orient House, Granby Row,*
*Manchester.*

## Committed to Devolution

*From Dr. G. R. Mathewson.*

Sir,—As one Scottish reader who is deeply committed to Devolution I feel I must comment on the four anti-Devolution letters published in your newspaper on December 9.

At least I can start by agreeing with the sentiments expressed by the Conservative prospective Parliamentary candidate for Northampton North. He states the choice is "that we can giggle and watch the dissolution take place, or alternatively we can take such measures as are necessary to restore our identity and our national pride." The people of Scotland have watched the dissolution created by years of centralised mis-government and are now taking the steps necessary to restore their identity and national pride.

At least as far as Scotland is concerned Mr. T. Lloyd Davies' letter is absurd (as a Scotsman who has never lived in Wales I do not consider myself qualified to comment on the Welsh situation). He appears to believe that the self-government movement is merely a cloak concealing long-term extreme left-wing political views. To anyone with knowledge of the SNP or indeed anyone who watched the BBC programme "Who Are The SNP" this is clearly nonsense and expresses the poverty of current political thinking that sees politics as not extending beyond a mere line joining left and right rather than a multi-dimensional entity in which the solution of to-day's problems requires more creative thinking than the application of a doctrinaire formula whether it be "left" or "right."

Mr. Duff was interesting in that he described as "political trumpery" the democratic process of giving the electorate what they have expressed a clear desire for and indeed is the implementation of a policy contained in the election manifestos of all the major U.K. parties excepting the SNP.

Devolution is seen by Mr. Barak as a luxury which might be a good thing some day in the long term once we see our way out of the present economic crisis. I am afraid that his view is born from the paternal attitudes of an imperialistic past. The people of Scotland do not wish the assembly to be a superfluous body existing only to keep the natives happy; they wish it to be a Scottish government which will apply Scottish solutions to Scottish problems and they see the current economic picture in Scotland, at a time when unprecedented wealth is flowing from the North Sea, not as a reason for postponing the formation of an assembly but as the overwhelming reason for establishing the assembly as quickly as possible.

Finally may I remind your readers that this debate has been proceeding in Scotland for many years and has now reached a high level of development with its own built-in momentum. As such the Scots can scarcely be expected to stand still while the English politicians and public catch up. Devolution is no new idea, what we are now seeing is merely the culmination of policies which have been before the electorate for several years. The furore is the result of that lack of concern in the Whitehall government which makes Devolution both necessary and inevitable.

G. R. Mathewson.
*Balcluain, Banchory,*
*Kincardineshire.*

## Burdened by rates

*From Mr. A. L. Jayne*

Sir,—Due almost entirely to the Local Government Reform Act of the Heath Government, the nation was suddenly burdened a few years ago with quite enormous increases in annual rate payments at a time when that was about the last thing required. Since then there has been a further increase and now a third is promised next spring. It has occurred to no one that this has increased the cost of living generally and the fact has not, of course, been pointed out by politicians! Further, home owners are not only burdened by their own rate increases but, undoubtedly, are also paying more in their shopping by traders having passed on their rate increases, so that the shopper really pays twice.

Next we are told that services that have been provided and are being paid for are going to be cut due to economies. Can the public be "bilked" any more? One easy obvious economy surely is that fees and expenses paid to councillors under the new Act (and *not* paid hitherto) are cancelled for a year or more. Why not? That would be patriotic and reasonable.

Leonard Jayne.
*36a, Preston Road,*
*Yeovil, Somerset.*

# To-day's Events

GENERAL

Balance of payments figures for November published.

European Central Bankers end two-day meeting, Basle.

Mr. Anthony Crosland, Foreign Secretary, expected to announce Geneva conference adjournment.

EEC Agriculture Ministers meet, Brussels.

EEC Foreign Ministers end two-day meeting, Brussels.

European Parliament meets, Luxembourg.

Index of industrial production for October issued.

Final day of Financial Times conference, "The Economic Outlook—1977," May Fair Theatre, W.1.

Civil Aviation Authority hearing on cheap holidays, Aviation House, Kingsway, W.C.2.

Greater London Council considers scrutiny panel report on land deal at Bow, East London, which led to £325,000 loss.

British Council of Churches' public inquiry on nuclear energy ends, London Press Centre, E.C.4.

Sir Robin Gillett, Lord Mayor of London, attends Institute of Chartered Secretaries and Administrators' dinner, Guildhall, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Second reading debate continues on Scotland and Wales Bill.

House of Lords: Criminal Law Bill, second reading. Consideration of Farm Capital Grants (Variation) (No. 2) Scheme and of Farm and Horticulture Development (Amendment) (No. 2) Regulations.

Select Committee: Nationalised Industries (Sub-Committee A). Subject: British Rail. Witnesses: Treasury and Department of Prices and Consumer Protection.

COMPANY RESULTS

Arthur Guinness Son and Co. (full year). Imperial Continental Gas Association (half-year). Smith and Nephew Associated Cos. (third quarter).

COMPANY MEETINGS

Belgrave Assets, St. Michael's Rectory, Cornhill, E.C.4. Brasway, Birmingham, 3.15. Cedar Investment Trust, Winchester House, E.C., 2.15. Clifford and Snell, Croydon, 5. Hartley Industrial Trust, Manchester, 12. Lighting and Leisure, Cutlers' Hall, E.C., 12. London and Provincial Shop Centres, 25, South Street, W., 3. Martonair, Connaught Rooms, W.C., 12. Safeguard, 87, Eaton Place, S.W., 12. Scottish and Mercantile Investment, Winchester House, E.C., 12.

SPORT

Squash: British amateur championships, Wembley. British women's championships, Northampton. Equestrian: International show jumping championships (preliminaries), Olympia.

# COMPANY NEWS + COMMENT

# Staveley well on target with 86% rise

THE DIRECTORS' forecast that pre-tax profits of Staveley Industries for the 53 weeks to October 2, 1976, would be "well ahead" of those for 1975 has turned out as an advance of 86.3 per cent. to £6.76m. The directors state that all product groups, except possibly electrical and mechanical services, expect to increase their profit in the current year.

Dividends for the year are stepped up from 7p to 7.8p net per £1 share with a final of 4p, as forecast. Stated earnings are up from 17.7p to 20.1p before extraordinary items.

At halfway, profits jumped from £1.43m. to £2.72m.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 107,346 | 80,778 |
| Trading profit | 7,601 | 4,785 |
| Interest | 842 | 1,157 |
| **Profit before tax** | **6,759** | **3,628** |
| Taxation | 2,754 | 1,485 |
| Net profit | 4,005 | 2,143 |
| Minority interests | 337 | 224 |
| Extraord. credits | 543 | 20 |
| Leaving | 4,211 | 1,939 |
| Dividends | 1,041 | 845 |
| Retained | 3,170 | 1,094 |

Extraordinary items comprised a surplus on foreign exchange of £1,105,000, offset by provision for closures, write down of investments and provisions for refunding pensions, giving a net surplus of £543,000 (£20,000).

Mr. Harry Moore, the chairman, says all operating groups have produced record profits with the exception of North America.

Of the total turnover, about 21 per cent., amounting to £22.1m. (£25.1m.) resulted from sales outside the U.K. Of this, £16.3m. (£13.9m.) was attributable to activities in Canada and the U.S. Direct exports from the U.K. amounted to £15.8m. (£11.2m.), an increase of 41 per cent.

After providing for the increased dividend, reserves increased from £7.3m. to £10.4m.

Net assets per Ordinary share at book value at the end of 1976 were £1.84 (£1.59).

Total debt as a percentage of Ordinary shareholders' funds dropped from 45.3 per cent. last year to 36.5 per cent. In 1969 this was 121 per cent.

Bank overdrafts of £2.1m. (£2.7m.) comprised U.K. £0.6m. (£0.7m.), overseas £1.5m. (£2m.). Bank borrowing facilities available to the company exceed £13m.

During 1976, £4.2m. was invested in new assets (£5.4m.). The lower level of expenditure in 1976 compared with 1975 is due to the timing of specific projects, the directors state. They expect that the level in 1977 will exceed that of 1975 in both money terms and in real value.

A divisional analysis of turnover and trading profit shows (£000s omitted): chemicals and mineral extraction, turnover £12.94m. (£10.53m.) and trading profit £1.9m. (£1.36m.), electrical and mechanical services £20.46m. (£13.91m.) and £1.49m. (£0.97m.), foundry products and abrasives £26.92m. (£22.67m.) and £2.17m. (£1.93m.), machine tools £43.53m. (£34.23m.) and £2.05m. (£0.53m.).

## ● comment

Stavely Industries has again proved its premium worth, with profits up by 86.3 per cent. on a turnover rise of 28.6 per cent. Even the most disappointing division, foundries, put in a 12.1 per cent. rise in trading profits in a difficult year. The group is now in a much healthier state, with debts having been brought down to just over a third of shareholders' funds, against nearly 100 per cent. only five years ago. Furthermore, helped by hefty capital investments (which are continuing) the group has reached a return on capital of a fifth. Progress this year could be hampered by public expenditure cutbacks, but there is strong exposure to overseas markets. So the p/e of 5.3 at 158p (where the yield is 7.3 per cent.) looks reasonable for a group that has proved its mettle.

## HIGHLIGHTS

In a complicated deal Philips is buying for cash Pye's U.K. television and audio interests while at the same time it is acquiring all Pye's interests in Hong Kong and Australia. Lex also takes a look at the Board room row at Berry Wiggins and the events that led up to the reshuffle. Staveley has again turned in a strong performance this time, and pre-tax growth is 86.3 per cent. on a sales gain of 28.6 per cent. At Tricentrol there is some slowdown in the growth rate in the third quarter but there appears to be a change in the dividend policy. Samuel Osborn has managed to check its profits decline at £22,000 on the year but at K Shoes the picture deteriorated in the second six months. In contrast Martin the Newsagent enjoyed a better second half but at Dimplex there are no signs of an improvement with losses slightly higher at the half way stage.

# Dubilier ahead with £0.54m.

AN IMPROVEMENT in pre-tax profit from £515,000 to £537,000 on sales up from £5.65m. to £6.30m. was produced by electric and electronic components manufacturer, Dubilier, for the year ended October 3, 1976. Half way profit was slightly up from £289,000 to £291,000.

The company says it has entered the current year with order book some 28 per cent. higher on the same period of last year. A programme of upgrading and re-equipping plant and equipment, to maintain margins, improve productivity and expand capacity, particularly for export markets, is continuing.

The final dividend is lifted to 0.4447p net (0.40428p) per 5p share making the total for the year 0.8847p (0.80428p). Earnings per share were down from 1.3p to 1.1p.

Profit was slightly ahead despite a loss at the Liverpool operation due to industrial disputes and subsequent reorganisation, which has now established a foundation for a more successful operation, says Mr. A. Wheeler, the chairman.

The group is in a good position to expand its markets in the U.K. and abroad.

Dubilier's financial position is sound. Management continues to look for new product lines, licence agreements and acquisitions that will complement and strengthen the existing electronic component know-how, he adds.

# K Shoes profit slumps 36%

THOUGH SALES rose by 15 per cent. from £34.37m. to £39.57m. pre-tax profit for K Shoes slumped by 36 per cent. from £2,581,000 to £1,653,000 for the year ended September 30, 1976. This was after a drop in profit at the interim stage from £1.33m. to £1.14m.

All the profit earned during the year came from the retail company, K Shoe Shops, which operates 200 shops in the U.K. and 11 in Holland. These shops buy nearly 80 per cent. of all their shoes from K Shoe factories.

The manufacturing companies made a loss. Trading conditions were generally difficult due to an overall decline in footwear sales and a substantial increase in imports, many of them at subsidised prices, Mr. Spencer Crookden, the chairman, states.

The final dividend is lifted to 1.32p net (1.278p) per 25p share, making a total for the year 2.09p (2.048p). This restores the final dividend which was cut back in the previous year because of the incomes policy, to the amount paid for 1973-74.

Profit, after tax of £0.9m. (£1.5m.) was down at £764,000 (£1,085,000). Dividends absorbed £325,000 (£318,000). Earnings per share was 5.02p against 7.155p.

Results in the second half were adversely affected by short-time working on manufacturing and by provision for redundancy payments following the decision, announced in September, to close one of the ten factories and to make 550 employees redundant.

Mr. Crookenden adds that action has been taken to strengthen styling and selling, to reorganise management and to develop further export sales which, at £2.27m. are 67 per cent. up on 1975.

The meeting will be at Kendal on February 17.

## ● comment

K Shoes has disappointed the market at the full year stage with a profits collapse of a third after an interim fall of 14 per cent. The key to the shortfall is the manufacturing division which moved into a loss of £100,000 for the year after redundancy costs of £225,000, and this year demand is unlikely to show any recovery. Retailing on the other hand showed a healthier performance, helped by the better turn-out in Holland which showed profits of £160,000. Volume, however, was down by 4 or 5 per cent. and the stores are unlikely to make that up in a hurry. The increase in leather prices has obviously had a detrimental effect on working capital requirements and borrowings are £1½m. higher than a year ago, when net debt equalled £760,000. Exports are increasing thanks to the sterling devaluation but the important home market is not looking any better and the shares are unlikely to show any relative strength at 26p where the yield is 13 per cent.

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# Graff Diamonds dividends

Graff Diamonds, which is planning to revert to a private company via a 28p a share cash bid for the 28 per cent. minority stake not held by the Graff family, is to allow shareholders to keep the special 2.31p net dividend announced at the time of the offer last month whether the scheme is accepted or not.

In addition and in view of the "satisfactory results of the opening months of the current year" the Graff Board intends to declare an interim dividend of 1.5p a share if shareholders now accept the bid, which is being made by the Graff private company Sandstar.

If the scheme goes ahead, both dividends will be paid when the offer becomes unconditional; if not the newly proposed dividend will be paid on February 28.

Institutions representing 40 per cent. of the minority have said they intend to accept the Graff offer.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Blyvooruitzicht | 21†† | Feb. 4 | 45 | — | 75 |
| Brentnall Beard | 0.66 | Jan. 31 | 0.6* | 1.14 | 1.04* |
| Crown House ......int. | 1.4 | Feb. 22 | 1.3§ | — | 3.81§ |
| Dubilier | 0.44 | — | 0.40 | 0.88 | 0.80 |
| E. Elliott ......int. | 0.5 | Feb. 8 | — | — | 0.5 |
| G. M. Firth ......int. | 2 | — | 2 | — | 5 |
| Jacksons Bourne End int. | Nil | — | 1.05 | — | 2.85 |
| K Shoes | 1.32 | Mar. 7 | 1.28 | 2.09 | 2.05 |
| Martin the Newsagent | 2.31 | Feb. 17 | 2.1 | 4.3 | 3.91 |
| Samuel Osborn | 2.2 | Jan. 31 | 2.2 | 3.2 | 3.2 |
| Staveley Inds. | 4 | Feb. 2 | 4 | 7.8 | 7 |
| Sutcliffe Speakman ...int. | 1.08 | Feb. 3 | 0.98* | — | 2.01* |
| Unilock ......int. | 2.48‡ | Jan. 5 | 2.25 | — | 6.1 |
| Vinten Group ......int. | 0.75 | Feb. 28 | 0.5 | — | 2 |
| G. Whitehouse | Nil | — | 0.37 | nil | 0.37 |
| Wilson Bros. ......int. | 0.5 | Mar. 18 | — | — | 1.0 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross. § Giving effect to consolidation and scrip issue. †† South African cents.

# S. Osborn little changed

A SLIGHT decline in pre-tax profit from £2.98m. to £2.96m. is shown by the international engineering company Samuel Osborn and Co., for the 53 weeks ended October 1, 1976. Sales improved from £28.74m. to £33.93m.

The directors state that the company has started the current year on a sounder order load than at the same period of the previous year but any marked improvement in profit must depend on the timing of the recovery of the U.K. economy.

The final dividend is held at 2.2p net per 25p share making a similar total of 3.2p for the year.

| | 1976 53 wks. £000 | 1975 52 wks. £000 |
|---|---|---|
| Sales | 33,946 | 28,739 |
| Trading profit | 3,019 | *3,516 |
| Assoc. companies | 229 | 164 |
| Currency gain | 617 | †42 |
| Depreciation | 668 | 546 |
| Interest recv. | 27 | 49 |
| Interest paid | 930 | 703 |
| **Pre-tax profit** | **2,962** | **2,984** |
| Taxation | 1,357 | 1,105 |
| Minorities | 331 | 450 |
| Attributable | 1,074 | 1,429 |
| Retained | 896 | 1,063 |

† Deduction. * Because of a change in accounting procedure some comparative figures have been adjusted. Trading profit increased by £60,000.

The four sectors of the company contributed the following to the total profit: engineering £1.59m. (£1.13m.); steel £0.27m. (£1.07m.); tools £0.94m. (1.0m.); and trading £0.45m. (£0.48m.).

## ● comment

A 40 per cent. jump in engineering profits, plus £617,000 of currency gains, has enabled Samuel Osborn to hold its full-year profits decline to just £22,000. Not bad considering that one of its most important divisions, steel, has suffered a 75 per cent. fall in its contribution. The engineering side has benefited from its wide geographical spread which takes in India, Korea and South Africa, and the current order position here suggests further growth in the current year. Also, the tools side which experienced a marginal drop in profit last year now seems to be on the recovery trend. However, it is hard to see how full-year profits this year improve on those of 1975-76 unless the steel side picks up and so far there seems little prospect of this occurring. In the short term at least then, the shares at 42p may have to rely for support on the 12.4 per cent. yield which is covered almost three times.

## BARRO EQUITIES

The liquidator of Barro Equities has now achieved a position with the Inland Revenue on the property group which enables him to make a tenth interim distribution of 10p (payable January 5), making £2.15 per share.

His final statement together with any small final distribution will be made during the next few months.

# Increase at Crown House

FOR THE six months ended September 30, 1976, turnover of Crown House improved from £28.77m. to £36.21m. and pre-tax profit was up 18 per cent. from £819,000 to £968,000.

The figures include a first-time contribution of £1.02m. turnover and £61,000 profit from Crown Darwish Engineering Oman which began trading on April 8 this year. The group interest in this company has been altered from 65 per cent. to 50 per cent., reducing the cost of the investment to £44,613.

The directors have declared an interim dividend of 1.4p and know of no reason why the total payment should not be raised by the maximum permitted.

Last year's interim was 1.3p followed by a final of 2.512p giving effect to consolidation of 10p shares into shares of 25p followed by a scrip issue.

Higher profit contributions were seen in all group activities, other than property development where there were no completions, the directors say.

The group has increased its interest in Anglo International Hotels, a Gibraltar company, from 33⅓ per cent. to 80 per cent. A further 20 per cent. interest to make 80 per cent. is now being acquired in Transel of Western Australia, for $A20,000.

| | Six month 1976 £000 | Six month 1975 £000 | Year 1975-76 £000 |
|---|---|---|---|
| Turnover | 36,211 | 28,771 | 62,888 |
| Associates loss | 18 | 16 | 48 |
| Profit before tax | 968 | 819 | 2,080 |
| Tax | 513 | 434 | 1,203 |
| Net profit | 453 | 385 | 877 |
| Extraord. items | 5 | 1 | 7 |
| Minorities | 19 | 17 | 42 |
| Pre-acq. profit | — | 1 | 8 |
| Dividends | 221 | 174 | 659 |

## ● comment

Property contributed nothing to Crown House's first half, although one building was sold for £322,000, whereas the comparable period included £111,000. The growth, therefore, has come largely from the recovery in U.S. demand for glassware; turnover here is 34 per cent. up and export sales are knocking 50 per cent. The electrical and mechanical contracting side is also showing a 47 per cent. profit increase—being late in the construction cycle it has so far been shielded from the building slump—but overseas contracts are only coming in slowly. The £425,000 just spent on increasing the stake in the Gibraltar Holiday Inn has been absorbed and even if losses there are comparable with last year's, the company should manage £2.3m. pre-tax for the year. This would give a prospective p/e of 5.8 on a share price of 41p. The maximum promised dividend already covered 1.6 times by interim earnings, yields 16 per cent.

## PARAGUAY RLY.

Paraguay Central Railway announces that further arrears of instalments under the sale agreement with the Paraguayan Government having now been received, it is possible to proceed with a capital repayment of 7p in the £, based on the nominal amount of the 6 per cent. Prior Lien Debenture stock in the hands of the public.

# New dividend policy for Tricentrol

ON TURNOVER some £10.7m. ahead at £53.12m. pre-tax profits of Tricentrol doubled from £681,000 to £1.34m. for the nine months to September 30, 1976, after £769,000, against £317,000 at the six months' stage. Profits for all 1975 were £887,000.

Announcing a new dividend policy, the directors say that until now distribution has been limited to profits from the commercial division only. However, development of the Thistle Field, now due to go into production in the last quarter of 1977, clearly changes the long-term status and prospects of the company.

It will be the broad intention, in current and future years, to pay out one third of profits from all sources available for distribution after taking into account a full tax charge, and any limitations imposed by the Government.

However, there is a total commitment of cash flow from the Thistle Field to repayment of development loans and accordingly profits available will be limited to such an amount as the directors consider advisable having regard to the company's cash flow position. Once the loans have been repaid the change in policy will come into full effect.

In their review of the exploration and production division, the directors state that in North America net revenue increased by 43 per cent. to £1.4m. While gas production increased, oil sales were lower, but price increases raised turnover and profit.

In the U.S. price increases for interstate gas effective from July 27, 1976, are the subject of an appeal by consumers and, though being paid in the meantime, will be subject to refund in the event of an unfavourable ruling, which is presently considered to be unlikely.

Gas sales in the U.S. averaged 17.0 mmcf (17.3 mmcf) per day while oil sales averaged 368 bopd (385 bopd).

In Canada gas production was raised to 88 mmcf (3.5 mmcf) per day, following the success of 23 out of 25 wells Tricentrol participated in. Oil exploration continues at a satisfactory pace.

In the North Sea Thistle A production platform winter work programme is on schedule and with the successful setting of two 42 primary piles the initial stage of foundation installation work is complete. Offtake of oil via the loading buoy is planned for the autumn of 1977.

Tricentrol in partnership with four other companies submitted on October 4 an application for offshore acreage in the U.K. fifth round of licensing, and following discussion with the Department of Energy, it is hoped that there will be further negotiations leading to a possible award.

As to the commercial division, in Europe the car and truck groups traded successfully and the travel group doubled its profits. In the hardware and garden supplies group hardware continued to trade satisfactorily but in the garden sector sales and profit were depressed.

In the U.K. the builders merchants group contained its losses and 1976 results should be less disappointing than those of 1975.

An analysis of turnover and operating surplus—£1,442,000 against £1,025,000—by divisions shows (£000s omitted): Exploration and production division, North America £4,807 (£2,940) and £1,404 (£980). Commercial division, Europe: U.K., cars £14,950 (£10,658) and £302 (£145), trucks £9,221 (£8,636) and £131 (£90), builders merchants and loss £47 (£113) garden supplies and £408 (£404), tr... and £107 (£53), pro... (£84). Netherlands ... chants £5,230 (£3,9... (£26). Australia, £369 (£247) and £7... general trading £... loss £197 (£29). C... merchants £3,227 (... £203 (£116). South ... products and gener... (£273) and loss ... Interest expense ... divisions absorbed ... interest income ... came to £141 (£8... administration cos... (£288).

## ● comment

The change in divi... Tricentrol was pro... stitutional demands ... be at least anoth... before the £60m. ... loans for Thistle fi... and until then th... depend on commerc... the impact of T... dramatic—a £0.8m ... deficit turns into a ... in 1979 and £24.7m ... production of ... barrels a day is ... 1978, producing prof... £8m. and £10m. a y... for Tricentrol. ... shares fell 2p off ... 84p on bigger com... in Canada and A... slower oil sales ... America. Third qu... profits were up by ... indicating continu... from last year's dep... but still below the ... doubled figures at ... stage.

# Wilson Bros. expects recovery

PUBLISHERS of gr... Wilson Bros., report... tion in pre-tax ... £419,849 for 26 week... for the 27 weeks t... 1976. But the direct... that profit for the ... substantially higher ... depressed £448,689 ... to March 31, 1976.

Earnings per 20p s... half-year were down ... 1.4p. An interim ... 0.5p net is declar... payment of 1p wa... year.

# G. M. Firth recovering

Recovering from ... £20,000, G. M. Fir... reports taxable profit ... for six months to Se... 1976. A sizeable impr... a long way short of ... and £900,000 achieved ... years 1973-74 and 197... for the last full year.

The directors say ... view the immediate ... caution because, thou... pany continues to m... the steel marke... depressed.

Half-yearly earnin... from 0.3p to 2.7p pe... and the interim divid... at 2p net—last year'... ment was 3p.

# Winding-up orders

Orders for the compulsory winding-up of 30 companies have been made by Mr. Justice Slade in the High Court. They were:

Coryton Estates, Allied Commercial Estates, Keam Investments, Stagcroft Club, Templar Properties, Access Transport, Planned Carpets and Interior Design, Sahni Publications.

Warranty Plastics, Darene Polymers, Holberg Investments, Sanderson and Drinkall (Estates), Sixtybonds, Vikanda Investments, Bestgrade Upholstery Works (London), Luxray.

Decralon, Fidelis Commercial Services, Con Callaghan, Grandsign, Narnstar, Royschurch.

Actual Fashion, Dorik Installations, Balmas, F. J. Clements (Properties), O.L.A.C. (Southern), John Earwicker and Co., Associated Development Holdings, Iso-Technic.

Stirling Personnel, Brickgrove, J.M. Distributors, Kardinville (Rotherham), Marketing and Industrial Securities, Valiant Suede and Leather, Pearson-Purdie Contracts, J. Weiner (London), and Rutters Racing.

Orders made on December 6 for the compulsory winding up of Marsden Hall International and Hurcombe Packing were rescinded and the petitions against the companies adjourned until January 24.

# Abbey Prop. Fund expands

By Eric Short

The value of the Abbey Property Fund, the property fund managed by Abbey Life Assurance Company, for the year to October 4, 1976, rose by £43m. to £221m., including buying costs. The unit price was up 16.4 per cent. over the year, of which 12.7 per cent. represented capital growth and 3.7 per cent. reinvested net income. Premium income to the fund increased by nearly £1m. to £12.3m. and distributable income rose from £6.2m. to £7.9m. over the period.

The liquidity of the fund at the end of the year was £46.9m. (15 per cent. of the fund) compared with £34.6m. a year earlier, a level the directors consider adequate.

New investments during the year included an air-conditioned office development at Bath, an office block adjoining Mercury House Bristol, a modern factory at Cheltenham and a mixed-farm in Herefordshire which has been added to the agricultural portfolio.

At the end of the year the portfolio comprised 62 per cent. offices, 13 per cent. shops, 21 per cent. industrial and 4 per cent. agricultural. Geographically it was spread 58 per cent. London and the South East, 9 per cent. Midlands and East Anglia, 9 per cent. South West and Wales, 7 per cent. North and Scotland and 17 per cent. overseas.

The directors believe that the investment outlook for quality property for the next few years is good and that prospects for appreciation of the fund encouraging. They feel that there remains a good and consistent demand for prime property despite the recent reduction on property values. Projections of rental income show a growth from the present level of £10.2m. to £16.8m. in 10 years.

# G. Whitehouse omits dividend

On a turnover up from £11.06m. to £12.22m., George Whitehouse (Engineering) incurred a trading loss of £107,000, against a profit of £127,000, for the 53 weeks to July 3, 1976, and is omitting payment of a dividend compared with 0.3735p net.

Despite trading conditions during the current year the company has traded at a break-even level.

Since July 3, 1976 an extraordinary loss on the sale of a garage of about £25,000 was incurred.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 12,220 | 11,056 |
| Trading loss | 107 | †137 |
| Tax credit | 97 | *77 |
| Closure costs | 128 | — |
| Net loss | 138 | †50 |

† Profit. * Debit.







عشاء في الأول

هكذا من الأصل

# Glaxo planning to move into the U.S.

BY RHYS DAVID, CHEMICALS CORRESPONDENT

laxo, the U.K.-based pharma- icals company, is planning a e into the U.S., the chairman Austin Bide, revealed yester-

r. Bide, who was speaking at company's annual meeting in don, said no decision had yet i taken whether Glaxo would an existing U.S. drugs pro- r or form its own company. It had already looked at more 103 undertakings, most of h have already been rejected.

axo, which last year had sales £411m., including £37.7m. in Americas, is currently repre- ed in the U.S. through ering-Plough of New Jersey, h makes its products under nce. The new move is intended enable Glaxo to market its s directly under its own name, in the past 12 months in aration for this the company been submitting new products a range of established drugs he U.S. regulatory authority, Food and Drug Administra-

ie company stressed yesterday examination of possibilities he U.S. was still at an early e. First moves could come within a year, however, and the investment is likely to be financed by borrowing in the U.S.

The U.S. has become increasingly attractive to U.K. and other European drug producers in recent years for a number of reasons. Though regulatory requirements are strict, making it difficult to put drugs on the market, the U.S. is the biggest per capita drug consuming country and is not subject to political intervention in pricing or to threats of political control—problems which worry the drug companies in most European countries.

Among other U.K. pharmaceutical companies ICI gained a foothold in the U.S. market several years ago with the acquisition of Stuart Pharmaceuticals, and Fisons is currently building a new plant in Michigan which will eventually add pharmaceuticals to its product range.

Glaxo is particularly strong in the manufacture of corticosteroids, anti-biotics, anti-asthmatics, and is currently developing a new anti-hypertensive product.

The company is building a major plant in the U.K. at Annan in Dumfriesshire at a cost of £14m. to raise it fine chemicals manufacturing capability and is spending another £13m. at other U.K. plants. The company has plants in a number of countries around the world mostly engaged in formulation of fine chemicals manufactured in Britain.

# Dimplex loss

CTRICAL appliance manufac- rs, etc., Dimplex Industries rts a marginally greater loss 612,000 for the 28 weeks to ober 15, 1976 compared with ,000 last time.

e directors are confident of cond half profit but make no cast of the full year result. the year to March 31, 1976, e was a loss of £473,000.

| | 28 weeks 1976 | 1975 | Year 1975-76 |
|---|---|---|---|
| | £000 | £000 | £000 |
| ... | 5,141 | 5,193 | 11,372 |
| ng loss | 243 | 150 | *341 |
| est | 369 | 448 | 514 |
| before tax | 612 | 598 | 473 |
| credit † | 272 | 300 | 192 |
| loss | 340 | 298 | 281 |

rofit. † Transfer from deferred tax reserve.

lthough the group achieved h higher export sales widely ad across the world, they e insufficient to offset lower s on the home market.

he lower home sales are attri- d to the exceptionally hot ther, the deterioration in the nomy, and the difficulty in ing the consumer aware that estic heating by electricity is petitive.

here is no interim dividend. past payment was a total of 752p net for 1973-74.

### comment

h the heavy seasonal bias ards the second half it is too y to judge if Dimplex Indus- s really is recovering from years of losses. At half-time, es were marginally worse n for the comparable period mand collapsed in the summer heat); and the debt/equity ratio, 155 per cent. at the year end, has risen to 176 per cent., which does not bode well. However, at the beginning of December there were hopeful signs that wholesalers' stocks of night storage heaters will be exhausted by next year, and exports had climbed from 30 per cent. of sales at the year end to 40 per cent. In addition, a small profit is expected from the insulation division, and diversification into a range of domestic appliances is well advanced. Still, all this is for the future. The shares at 61p, capitalising the company at £1.3m., suggest the market is waiting for proof.

# Hargreaves will not forecast

The directors of Hargreaves Group, which made a pre-tax profit of £1.83m. in the six months to September 30, 1976, and paid an interim dividend of 1.16p net (as reported on December 3), say that they will make no forecast of what will result from the second half.

They add that they are fully aware of the difficulties which they are likely to face, and are preparing plans to preserve the company's financial strength and the human capability at all levels, on which the company's prosperity is based.

# Twinlock trading profitably

GROUP SALES for the half year to August 27, 1976, of Twinlock increased from £9.9m. to £10.22m., while the pre-tax loss rose from £181,000 to £334,000.

Accounts for September and October, however, indicate that the company is now trading profitably and although it is hoped that this trend will continue, any form of forecast is difficult in the present economic climate, says the new chairman, Mr. A. K. L. Stephenson. For the year to September 27, 1976, there was a loss of £698,000.

The chairman reports that group reorganisation has now been largely completed and exceptional costs of some £283,000 have been incurred in the half year. Of this, £103,000 gross (£50,000 after tax) relates to factory closures and has been treated as an extraordinary item.

The reorganisation has been effective in reducing overheads and the directors are confident that the high level of exceptional expenditure will be justified by the benefits now being reaped.

It is considered prudent to conserve resources at this stage of the company's recovery and no dividend is being paid. Last September 7,123,000 Ordinary 10p shares were issued at 14p per share to the National Enterprise Board representing one-third of the capital. Twinlock, a private company, manufactures loose leaf equipment, filing products, etc.

| | 26 weeks 1976 | 1975 | 52 wks. 1975-76 |
|---|---|---|---|
| | £000 | £000 | £000 |
| Sales | 10,221 | 9,907 | 19,718 |
| Loss before tax | 334 | 181 | 698 |
| Tax recoverable | 204 | 80 | 312 |
| Minorities | 5 | 3 | 9 |
| Deficit | 135 | 104 | 395 |
| Extraord. items | 50 | 25 | 202 |
| Reduction in res. | 185 | 129 | 597 |

# London Multinational

London Multinational Bank reports an increase of 23.4 per cent. in profit after tax for the year ended October 31, 1976, at £1,312,000 against £1,063,000 for the previous year.

In sterling terms, deposits rose to £390.16m., loans to £173.53m., and total assets to £420.45m. Total shareholders' funds increased to £16.26m.

# Martins rises 10% and sees further increase

AN INCREASE in pre-tax profit of 10.1 per cent., from £1.95m. to £2.15m., is reported for the year ended October 3, 1976, by Martin the Newsagent. Sales were up 26.2 per cent., from £44.64m. to £56.36m., and the directors expect that profit will show a further increase in 1976-77.

They state that total sales for the nine weeks to December 5 show an increase over last year and they anticipate a satisfactory Christmas. Consumer spending in 1977 may well be sluggish, they add, but they expect to gain some benefit from the economies made during the past year.

Reporting a slowdown in profit growth at halftime, when profits rose from £1.11m. to £1.15m., the directors said that this should be temporary.

Stated basic earnings are up from 18.5p to 19.9p, and a final dividend of 2.3068p net per 25p share raises the total for the year from 3.9062p to 4.2968p.

| | 1976 | 1975 |
|---|---|---|
| | £ | £ |
| Sales (excl. VAT) | 56,362,000 | 44,644,000 |
| Depreciation | 468,750 | 310,588 |
| Trading profit | 2,188,186 | 1,962,100 |
| Interest | 40,720 | 11,562 |
| Profit before tax | 2,147,466 | 1,950,538 |
| Taxation | 1,095,807 | 990,000 |
| Net profit | 1,051,659 | 960,538 |
| Extraord. credit† | 19,598 | 30,451 |
| Pref. dividend | 8,098 | 8,098 |
| Attrib. Ord. | 1,063,159 | 982,891 |
| Ord. divs. | 225,514 | 201,539 |
| Retained | 837,645 | 781,352 |

† Sales of fixed assets less attributable tax.

The directors state that they are spending around £2m. during the year to October 2, 1977, mostly in the purchase of established stores but also in the opening of some new sites and the redeveloping of some existing branches. Medium-term loans totalling £0.5m. have been negotiated.

New site stores opened during the past year totalled 17, and one has been opened since the year end. Established stores purchased numbered 15, with 13 since the year end, and stores sold or closed 14 and four. The net increase in stores in the year under review was 18, bringing the total to 429.

The company operates as retail newsagents, tobacconists, confectioners and stationers.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**

Interims: — Beechwood Construction, Black Arrow, K. O. Boardman International, Cawoods, FMC, Haslemere Estates, Imperial Continental Gas, Inch Kenneth Kajang Rubber, Montague L. Meyer, Moorgate Investment, Phoenix Timber, Property Holding and Investment Trust, Stanhope General Investment, United British Securities Trust, J. O. Walker, Ward and Goldstone.

Finals:—Baggeridge Brick, Dobson Park Industries, Arthur Guinness, Arthur Lee, Record Ridgway, Serck, United Spring and Steel.

**FUTURE DATES**

Interims:—

| | |
|---|---|
| Anglo Holdings | Jan. 6 |
| Brown and Tawse | Jan. 12 |
| Electronic Machine | Dec. 17 |
| Pyke (W. J.) | Feb. 15 |
| Russell (Alexander) | Dec. 21 |
| Sogemanc | Dec. 17 |
| Wallis Fashion | Dec. 22 |

Finals:—

| | |
|---|---|
| Blunnel Bros. | Dec. 29 |
| Camford Engineering | Dec. 17 |
| Delson | Dec. 20 |
| Enalon Plastics | Dec. 20 |
| Greenall Whitley | Dec. 16 |
| Redman Heenan International | Dec. 16 |
| Scottish American Investment | Jan. 19 |
| Worth (Fond) | Dec. 22 |

# First half jump by Vinten

TURNOVER FOR the half-year to September 30, 1976 of Vinten Group increased from £1.43m. to £1.89m. and profits jumped from £136,000 to £230,000 before tax of £120,000 compared with £71,000. Profits for the year to March, 1976 came to £369,633.

The interim dividend is stepped up from 0.5p to 0.75p net per 20p share and the directors intend to recommend a higher final than last year's 1.5p.

They say that the design of a microfilm camera for the commercial market is near completion, deliveries of the panoramic aerial reconnaissance camera have been made to the Ministry of Defence, and both home and export orders are now being received for the new television "portaped," which is in production.

Export sales will substantially exceed last year's level of 55 per cent. of turnover, they add.

# Downturn at Sutcliffe Speakman

PROFITS BEFORE tax of Sutcliffe Speakman and Co., fell from £209,000 to £162,000 in the half-year ended September 30, 1976. Turnover was lower at £3.54m. against £4.21m.

Earnings per 25p share are 3.1p (4p). The net interim dividend is effectively raised from 0.9846p to 1.083p — last year's total was equal to 2.01181p when pre-tax profits were £451,952.

After tax and minorities, first-half net balance was £75,000 (£98,000).

In the engineering division, the continued depression in the home trade and severe competition in overseas markets, including a slower than anticipated build-up in the demand for chemical plant from the U.S. restricted turnover and any improvement in profit margins, the directors report.

The carbon division was well

# Midway loss at Jacksons Bourne End

Manufacturers of millboard, etc., Jacksons Bourne End, reports a pre-tax loss of £70,000 for the 28 weeks to October 16, 1976, against a profit of £26,000 last time. Sales were up from £1.59m. to £1.8m., and net loss was £34,000 compared with a profit of £13,000.

There is no interim dividend. Last year's interim was 1.05p net per 25p share, and the total was 2.8465p from profits of £38,794.

The directors state that, due to production difficulties at the Board Mill, it is not possible to say whether it will return to full viability in the remainder of the year. Other sections of the group are continuing to perform well, they add.

# Hazlewoods improves

As a result of savings effected from the mechanisation programme of sauce and pickle manufacturers, Hazlewoods Proprietary, results in the half year to September 30, 1976, show a considerable improvement, says Mr. H. R. Towning, the chairman.

Development of the company, based on a five year programme, is currently running to plan with the critical mechanisation phase nearing completion.

The surplus capacity created will provide the greater part of the additional production facilities required to meet the remainder of the five year plan, the chairman adds.

An intrinsic part of the cost involved has been capitalised, and it is proposed to write this off over four years starting April 1, 1976.

The company has asked for suspension of the share quotation pending details of a proposed group reorganisation. As known a loss of £202,605 (profit £15,522) was incurred in the year to March 31, 1976.

The accounts have been prepared on a going concern on the assumption that continuing finance will be made available, the auditors state.

Meeting, Derby, December 31, at 11 a.m.

# Upsurge by Brentnall Beard

GROUP BROKERAGE for the year to September 30, 1976 of Brentnall Beard (Holdings) expanded from £1.94m. to £2.78m. and pre-tax profits jumped from £325,863 to £603,882.

At midway, reporting a rise from £163,038 to £209,122, the directors forecast a substantial increase in full-year profits.

They now state that the underwriting agency produced better profits than anticipated and its profits in the current year are expected to be satisfactory. The new financial year has started well and they are confident of future progress.

The final dividend is 0.681p net per 10p share effectively raising the total from 1.039p to 1.148p.

Tax takes £314,069 against £167,350 leaving £289,313 (£158,513) before an exceptional loss on valuation of quoted investments amounting to £68,984 (nil).

### ● comment

As with most other insurance brokers, Brentnall Beard has found the overseas markets the most buoyant at present. Pre-tax profits for 1975-76 have risen by 86 per cent. with the main boost coming from Canada and the Far East. The small U.K. life business has apparently made a useful contribution to profits but this was more than offset by the downturn on the non-life side. Aided by the proceeds of the January 1976 rights issue the group's net cash balances have risen to over £1.3m. and these are enabling it to maintain its concentration on overseas expansion, particularly in the U.S., a new market for the group. At 46p the yield is just 3.8 per cent. but that is amply covered by earnings and the p/e of 11.6 per cent. is roughly in line with the sector average.

# E. Elliott forecasts

Moulders in plastics and manufacturers of optical goods, etc., E. Elliott, forecasts a recovery from £121,982 to £250,000 in pre-tax profit for the year to March 31, 1977.

Turnover for the first half increased from £1,325,000 to £1,452,000 and profit advanced from £39,000 to £45,000 subject to tax of £23,000 (£21,000).

Earnings per 25p share were 1.06 (0.86p) and an interim dividend of 0.5p net is declared. Last year a single payment of 0.5p was made, compared with 2.75p for 1974-75.

# Good order book at Fenner

E PRESENT U.K. order book J. H. Fenner and Company ldings) is at a higher level n at this time last year and is er than could have been fore- in midsummer 1976, Mr. eph Palmer, chairman, says in annual report.

We see the short term outlook rather more encouraging," he s.

verseas, no particular advance he volume of business can as be recorded, but trading lts are being maintained.

e advance of the group's ity as a service industry is ly linked with the general l of industrial activity, says chairman. The group is well pped with its broad and in- sing range of products and s to cater for any upturn and seek and satisfy additional s of business.

owever investment at home abroad can only be pro- sed when it can be reasonably cted that the project will pro- e an adequate return in real s. With the high cost of financing, opportunities are becoming increasingly scarce, says Mr. Palmer.

The group's manufacturing capacity is more than adequate to supply present levels of demand and to increase output to a substantial degree.

In the current year, the capital budget is likely to be on a smaller scale than in the recent past, but the directors will continue to improve the power transmission depot service and will also continue with the improvement to the major manufacturing units at Marfleet.

For the year ended August 28, 1976, profits before tax improved from £5.75m. to £7.01m. External turnover was £62.24m. (£50.77m.).

The chairman says the improvement derives largely from operations overseas. Profit earned in the U.K. was similar to that of the previous year.

Overseas, returns from India and South Africa made substantial advances but America showed a loss on activities following a drastic fall in the demand for conveyor belting in the mining industry.

In the U.K., directors have continued the modernisation and expansion of manufacturing capacity and depot facilities at a cost of £2.2m.

Overseas, capital expenditure has been incurred, principally in respect of the continued modernisation of the American plant. The group has also taken a 75 per cent. interest in the manufacturing business of Graham Engineering of Otahuhu, New Zealand.

A statement of the source and application of funds shows a £1.45m. decrease in net borrowing (£6.3m. increase).

Renold is interested in 11.7 per cent. of the group's Ordinary capital. Sir David Brown, David Brown Gear Industries, David Brown Holdings and Mr. A. D. Worton and Mr. C. E. Druce as trustees between them are interested in 11.6 per cent.

Meeting, Leeds, January 5 at 2.30 p.m.

## OMPANY NEWS IN BRIEF

ERDEEN TRUST—Results for the to September 30, 1976, already re- d. Valuation of U.K. investments m. (£22.13m.). Book value £13.55m. 9m.). Overseas investments £17.41m. m.). Book value £6.81m. (£6.82m.). oted £0.53m. (£0.27m.) Book Value £0.5m. (£0.38m.). Meeting, Aberdeen on December 30 at noon.

BRITISH AND AMERICAN FILM HOLDINGS—Profit six months ended June 30, 1976, £24,104 (£19,350). Taxation £12,832 (£9,500). Net profit £11,272 (£9,850). Payment for lease variation and rent reduction £15,000 (nil). Surplus on sale of investments £89,041 (£88,965). Leaving £98,213 (£98,815). Earnings per 5p share 0.402p (0.352p). Turnover wholly-owned subsidiaries whose results are not included £284,557 (£780,059). Profit £112,321 (£504,622). No tax charge. Earnings per share 4.011p (21.237p). Holding company's income from quoted investments £36,761 (£38,042); interest receivable £1,737 (£865). Profit of subsidiaries is after charging losses arising from translation of loans payable in foreign currency, to sterling £125,336 (£54,903).

BRITISH INDIAN TEA COMPANY (HOLDINGS)—Gross revenue for the first ten months of 1976 £15,507 (£12,671). Pre-tax profit £13,245 (£10,445). Tax £4,637 (£3,685). Earnings per share 4.7p (3.6p). Interim dividend already announced.

EX-LANDS NIGERIA—Tin output for November 32 tonnes (October 46 tonnes).

EQUITY INCOME TRUST—As at November 30, 1976, net asset value of Ordinary shares was 144p.

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE—Final 5.139p making 6.339p (5.519p) for year ended June 30, 1976. Turnover £96,250 (£66,121). Trading profit £5,706 (£1,900). Add Tin tribute £97,191 (£113,319). Investment income £36,972 (£37,509), share of associate's profits £3,520 (£805), making £145,389 (£153,923). Deduct replanting expenditure £9,009 (£3,275), taxation £84,606 (£95,919), leaving £52,774 (£54,629). Dividends £50,392 (£45,517). Deduct transitional (overspill) relief £900 (£192). Forward £99,007 (£95,735). Earnings per share 8.70p (6.94p).

LONDON AND LIVERPOOL TRUST—Gross revenue £13,269 (£14,680) for six months to September 30, 1976. Pre-tax profit £8,323 (£10,148) before tax £2,931 (£4,908). Interim dividend 0.15p net (same) per 10p share. Asset value, after dividend 16.15p (17.6p) per share.

MID-KENT WATER COMPANY—Revenue for year ended September 30, 1976, £1.2m. (£0.89m.) before ACT, £403,608 (£314,863). Extraordinary credit, £26,972 (nil). Dividends, £749,557 (£595,662). Forward, £194,212 (£115,531). Directors say water rates and charges for domestic and metered supplies were increased from April 1, 1976. Operating and capital servicing costs are still rising significantly and further increases in charges would appear to be unavoidable. Capital expenditure during year, after deduction of depreciation, etc., was £3.15m., which includes further payment towards joint works of River Medway Scheme and expenditure on Broad Oak Scheme. Mid Kent Water Order 1976 increases company's authorised capital and borrowing powers from £15m. to £22m. Meeting, Snodland, Kent, December 30 at noon.

NORTHERN IRISH AND SCOTTISH INVESTMENT TRUST — Dividend total 0.7p net for year to October 31, 1976 against 0.55p and not 0.62p as previously stated.

ST. HELENA GOLD MINES—Results for the year to September 30, 1976 already reported. Mining assets £87.81m. (£50.26m.). Net current assets £2.9m. (£5.56m.). Meeting, Johannesburg, on January 27.

TRAFFORD CARPETS (HOLDINGS)—Turnover £1,700,000 (£1,392,000) six months to September 30, 1976. Profit £1,459 (£5,194). No tax (same). Earnings per share 0.10p (0.36p). Interim 0.8125p net per 25p share (same—total 1.625p).

UNISEL GOLD MINES—Results for the year to September 30, 1976, already reported. Mining assets £21.09m. (£12.26m.). Net current assets £6.16m. (£13.06m.). Meeting, Johannesburg, on January 27.

J. S. WASSALL (Multiple footwear retailers)—Interim dividend 0.2p (same and no final). Turnover for six months to September 30, 1976, £732,724 (£677,267). Group profit £10,002 (£8,390) after tax £12,000 (£9,000).

BEN WILLIAMS—No interim dividend (same) for six months to June 30, 1976. Pre-tax loss £17,559 (profit £10,014).

WILSON PECK (general retail music dealers)—Turnover £440,185 (£416,273) for year to March 31, 1976. Profit £12,616 (£28,971) after all charges including tax of £11,691 (£32,896). Amount attributable to members of holding company after writing off extraordinary items of £519,894 being losses falling to company in respect of subsidiary company's property development losses, loss £508,253 (profit £36,026). Earnings per 25p share 0.92p (3.41p). Figures do not include Cressdene.

WOLVERHAMPTON STEAM LAUNDRY—Trading profit for six months to Sept. 30, 1976 £1,500 (£6,400 and £28,192 for year to March 31, 1976). Depreciation £5,400 (£5,490 and £11,442) leaving loss £4,100 (£3,000 profit and £16,750 profit). Corporation Tax recoverable £700 (nil and nil). Corporation tax nil (nil and £4,000). From deferred tax £1,000 (nil and nil), to deferred tax nil (£1,100 and £2,000) leaving net loss attributable £2,400 (£1,900 profit and £9,850 profit). Turnover (excluding VAT) £286,780 (£290,000 and £583,570). Mr. J. B. Brockbank, chairman says interim report gives little indication of year's results. Company has kept prices stable for nearly a year. However, long hot summer meant considerable reduction in domestic work. Recovery of turnover as winter approaches has been sluggish, and necessary increase in prices being implemented. Costs have continued to increase. Having own water supply meant group was not affected by shortages or higher prices of public supplies, but charge made for effluent disposal is now noticeable factor in working costs. Future depends on ability to give the best possible service at a reasonable cost. There is encouraging evidence that efforts in this direction are appreciated.

To release State funds for further production, BAC and Aerospatiale must sell five more aircraft

# Tough job for Concorde salesmen

By MICHAEL DONNE, Aerospace Correspondent

CONCORDE SALESMEN from the British Aircraft Corporation and Aérospatiale are stepping up efforts to dispose of the remaining five unsold aircraft from the 16 production Concordes originally authorised by the British and French Governments.

The reason is that the programme is running down fast. Until the remaining Concordes have found users, the two Governments are not likely to grant cash for further aircraft. New production is needed to keep the programme ticking over to minimise redundancies, and to ensure retention of the technical expertise built up over 14 years at a cost of over £1.1bn., in readiness for the time when a second-generation supersonic airliner can be built.

Since British Airways and Air France began commercial services to Bahrain and Rio in January, with flights to Washington starting in May, Concorde has carried over 30,000 passengers, in over 1,000 flights over 400 of them Atlantic crossings. Reliability has been good, with over 90 per cent. of departures within 15 minutes of schedule. Cancellations for technical reasons and air turn-backs have been few. Loads have often been over 80 per cent. on the London / Paris - Washington routes.

Financial figures are not disclosed by British Airways. It is believed that on the Washington route the aircraft is covering its direct operating costs, although it will be a long time before there is any profit on the total investment by the two airlines (over £150m by BA alone for five aircraft). The ultimate key to profitability must be a rapid extension of the route network, and in particular the start of flights to New York.

Air France has said that it will incur a £12m. deficit this year on Concorde, but that this would be cut to £16m next year and to £7m the year after if new routes such as to New York, Tokyo and Moscow became available. Air France said present utilisation would be raised to 2,300 hours a year per aircraft if New York became available, and further to 2,700 hours if any Far East route were started.

## Refurbish

Of the original 16 Concordes authorised 11 have flown. But two are early models which will not be used for airline service. A third is being used by Aérospatiale for demonstrations—although it could be refurbished for sale if needed. BA has taken delivery of four aircraft, while Air France has three with a fourth due any day now. Concordes Nos. 12 to 16 are still being built, with three to fly next year and two in 1978. It remains to be seen whether the salesmen will win outright sales of the five aircraft. The latest price for a Concorde is $72m., and there are few airlines which can either afford or would be prepared to spend this on any new aeroplane.

It is more likely that pressures will develop in the world airline industry for some kind of leasing arrangement. During the recent 33,000-miles sales tour by Concorde of the Far East, several airlines showed interest in leasing. The two Governments seem to have accepted that leasing is now the most likely method of disposing of the remaining aircraft, although they would still like to see firm sales if possible.

The question is what kind of leasing agreement would the governments accept? Would they prefer to see one that returned them the full cost over a defined period of years—in effect a hire-purchase agreement—or an alternative leasing plan lasting for the in-service life of the aircraft, however long that might be? The various leasing ideas are currently being reviewed by the two governments, and a decision seems likely some time in the New Year.

BAC still hopes to secure a contract from Iran Air, which holds a preliminary purchase agreement on two aircraft with an option on a third. The Civil Aviation Administration of China, which earlier showed interest in three Concordes is still inscrutable, although a delegation from that airline studied Concorde during the aircraft's recent visit to Hong Kong.

Other airlines showing interest include Braniff Airways of the U.S., with whom British Airways is now discussing the possibility of flying Concorde subsonically between Dallas-Fort Worth in Texas and Washington, where supersonic flights to and from London would begin. This would provide a service in one aircraft all the way from Texas to London. Because, even subsonically, Concorde is faster than other jets, it is claimed it would offer a much better service than any competitors.

But even if the BA-Braniff talks are successful, there can be no additional flights into the U.S. until the current 16-months' trial period, authorised by the U.S. Department of Transportation, ends next September. This trial restricted Concorde to Washington and New York, but so far only Washington is being served because of the continued blocking of flights to Kennedy airport by the Port of New York Authority. On January 17, however, the two airlines are likely to press the matter in the New York District Court, seeking a ruling that they are entitled to fly into Kennedy in spite of the PNYA.

## Far East

Meanwhile, the makers have been looking at other parts of the world, where they feel the chances of sales or leasing deals are better. The Far East and South-East Asia are significant markets, tailor-made for Concorde. Route sectors are long enough to ensure economic journeys between most points, and apart from Japan there are—so far—fewer environmental problems.

So far BA has not extended its London-Bahrain route to Singapore and Melbourne because of difficulties with overflying rights in India. Permission to overfly India, Sumatra and Oman are under negotiation.

But the makers now say that certain technical changes can be made to the aircraft to improve its range-payload performance still further and bypass zones from which it is barred. These include modifications to the wings, elevons (combined ailerons and elevators) and rudder to reduce drag and thus cut fuel consumption; moving the fuel tanks centre of gravity aft so as to provide space for another 1,500 kilos of fuel; and a general weight-saving programme that also enables more fuel to be carried.

BA and Air France, are now studying all these matters. BA's intention is to go to Singapore and Melbourne eventually, but not until after it has won rights to New York, and in any event not until late next year. Air France has been discussing the possibilities of Far East and South-East Asian operations with its partner, Union de Transports Aériens (UTA) with whom the Concorde makers have also held discussions. But until either BA, Air France or UTA, or all three, begin their own Concorde operations into the area, the locally-based airlines may be reluctant to start Concorde services on their own, if only because of the heavy introductory costs involved.



## Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

[ نقلاً عن الأصل ]

MINING NEWS

# BH South raising $31m. for phosphate mine

BY KENNETH MARSTON, MINING EDITOR

TERMS are now announced of the capital-raising plans of Australia's BH South for its big phosphate mining development in Queensland. A near doubling of the issued share capital is foreshadowed by a $19.73m. (£12.28m.) rights issue, four new shares of 50 cents being offered at 80 cents (50p) for every five shares held at January 10 next. The latter were quoted at $1.30 in Sydney yesterday.

In addition, the company has obtained a bank consortium loan of $11m. (£6.84m.) which is repayable by March 1980, and which enables the retirement of a $15m. (£9.3m.) short-term bill facility obtained earlier this year. The latest arrangements follow the previously organised first bank loan of $42m. (£26.1m.).

The new funds should enable phosphate rock production to be expanded to a first stage annual capacity of 1m. tonnes: it is already being increased and should reach 750,000 tonnes in the current year to next June. It is expected that the anticipated output of 1m. tonnes a year will be committed under long term sales contracts.

BH South comments that there has been a recovery in the phosphate market and points out that the devaluation of the Australian dollar will benefit the company's activities including the Cobar copper operation which is now operating "close to a break-even net profit result."

Accordingly, the earlier forecast of a resumption of dividends in September next year has been strengthened. In a generally easier London market yesterday the shares fell 17p to 105p following the issue news, but they have been attracting a sizeable investment demand in recent times.

## Pancontinental ready

AUSTRALIA'S Pancontinental Mining is ready to start construction at its Jabiluka uranium deposit in the Northern Territory in the 1977 dry season—if Government approval is granted in time, reports our Sydney Correspondent. The chairman, Mr. Tony Grey, said at the annual meeting that the capital cost of developing Jabiluka was estimated at between $175m. (£108m.) and $200m. (£124m.), with $35m. (£22m.) earmarked for 1977.

The project was expected to take three years to complete. If construction were allowed to start next year, production would begin at the end of 1979 and deliveries of uranium oxide would be made in 1980.

The initial rate of production was planned to be 3,000 tonnes of concentrate, which would be increased in two stages to 9,000 tonnes by the mid-1980s, depending on Australian Government approvals and the market.

Mr Grey suggested that if the Government was concerned about the market potential for uranium or the way in which local "yellowcake" is sold, it should let the orebodies be developed on a pro rata basis. He also pointed out the possibility of establishing an export quota system which would have the merit of flexibility and prevent any precipitous entry in to the market, or the possibility of over-supply.

He did not favour establishment of a central marketing board and said the individual producers could mount a much more efficient selling operation. Referring to environmental opposition to uranium mining and processing, he said it was based on "competing life styles." Pancontinental were unchanged at 775p yesterday.

## MT. LYELL EASES RETRENCHMENT

Thanks to the devaluation of the Australian dollar, the Consolidated Gold Fields group's Tasmanian copper-producing Mount Lyell has revised its retrenchment plans. Last month it was decided to cut the annual rate of copper output from 22,000 tonnes to 15,000 tonnes. But the mine now intends to aim at a rate of 17,500 tonnes and thus limit lay-offs to 200 employees instead of 400 as earlier envisaged.

Even so, the company expects to remain in an overall loss position. "There is still little prospect of a return to profitability unless there is either an improvement in the copper price beyond the directors' expectations or further currency adjustments favourable to the company," it is stated. Mount Lyell were 25p yesterday.

## TENDERS NEEDED FOR WINDARRA

Mr. Noel Buckley, the receiver of the collapsed nickel producer, Poseidon, is to call tenders for the sale of Poseidon's half share in the Windarra nickel mine in Western Australia. He said yesterday that the call would most likely be in the new year.

This decision comes after Shell, the international oil group, had placed a tentative offer, but before Homestake Mining, the U.S. group, has placed a bid. Mr. Buckley disclosed that Homestake is interested in Windarra. Meanwhile, the Australian Industry Development Association is in the wings, willing to contemplate an equity offer in the event of other bids being unacceptable.

Mr. Buckley, who is still unable to place a book value on Poseidon's share of Windarra, added that a statement of the company's assets and liabilities should be filed with the South Australian Registrar of Companies this week.

Poseidon was placed in receivership during October by its principal creditor, the AIDC. Its partner at Windarra is Western Mining, the shares of which were 146p yesterday.

## PAHANG SET FOR BETTER FIGURES

The Malaysian tin producer, Pahang Consolidated, which is seeking to change domicile from London to Kuala Lumpur, expects higher earnings during the year ending July 31, 1977. This is stated in the annual report by the chairman, Datuk Syed Nahar. In the last financial year there was a net loss of £157,853.

Now that tin restrictions have been lifted, exploratory work is going ahead below the tenth level of the company's Gakak mine. Production in the first two months of the financial year at 310 tonnes of tin concentrate was 41 tonnes lower than in the same period last year. Pahang is seeking the re-listing of its shares in London, Kuala Lumpur and Singapore.

# Golds feeling the pinch

Not surprisingly, the Barlow Rand group's struggling Durban Deep South African gold mine is again passing its half-yearly dividend while East Rand Proprietary has decided not to pay a final for the current year after having declared an interim of 5 cents (3.1p) in June; the two mines' respective totals for 1975 were 20 cents and 35 cents.

Blyvoor is cutting its interim to 21 cents (14.5p), a move which is much in line with expectations. This Far West Rand gold-uranium producer paid an interim of 45 cents followed by a final of 30 cents for the year to last June. In London yesterday, Durban Deep dropped 15p to 325p, ERPM were 5p off at 265p, and Blyvoor lost 20p to 340p.

## MENSAROS LISTS ALWEST STAKES

The U.S. group, Reynolds Metals, has emerged as the dominant shareholder in the Alwest bauxite-alumina project, the go-ahead for which was announced by the Western Australian Premier, Sir Charles Court last week. Reynolds will have a 35 per cent. stake and Alcoa of Australia, a subsidiary of the Aluminium Company of America, 20 per cent.

Yesterday the Western Australian Mines Minister, Mr. Andrew Mensaros, said he expected two other participants to take up equity. This points to the originators of the project, Broken Hill Proprietary and Mr. Rupert Murdoch's News Ltd., either sharing or taking up a portion of the remaining 45 per cent. Mr. Mensaros added that a Japanese group could join the project.

In addition to providing an outlet for BHP's bauxite deposits in the Darling Range behind Perth the Alwest venture also gives a fillip to BHP's coal interests. Alwest will be using coal from the Collie area of Western Australia.

Mr. Mensaros stated that coal production from Collie will be almost doubled by the demands of Alwest. At present the output is controlled by Griffin Coal and Western Collieries. But Western Collieries is linked with Peabody Coal, and BHP is buying the Australian arm of Peabody from the present owner, Kennecott Copper of the U.S. In any case, BHP has extensively pegged areas near to Collie on its own account.

## ROUND-UP

Production resumed during the week-end at the General Mining group's Buffelsfontein gold mine after a rock fall, caused by a seismic disturbance, on Friday.

* * *

Following the decision to maintain production at the Mount Charlotte gold mine in Western Australia, Gold Mines of Kalgoorlie states that it will receive no benefit during the year to June 30 and cannot forecast when there will be any profits. GMK will still need funds from shareholders and Capel Court Corporation is seeking ways of raising money.

* * *

Work is expected to resume to-day at the Mount Newman iron ore operation in Western Australia as a strike which has lasted for five weeks comes to an end. The return to work was agreed after talks between the employers and the striking Federated Engine Drivers and Firemen's Union, provided crew members living at Mount Newman support the decision.

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1976 High | Low | Stock | Closing Price p | + or – | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | F.P. | – | [illegible] | [illegible] | [illegible] Estumark US$1 | 28 | | [illegible] | [illegible] | 5.0 | – |
| [illegible] | F.P. | – | [illegible] | [illegible] Tid Technologies US$1 | 31 | | [illegible] | [illegible] | 2.4 | – |
| [illegible] | F.P. | 7.1 | 202 | [illegible] | Willis Faber 25p | 202 | –4 | 7 | 2.4 | 5.3 | 9 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1976 High | Low | Stock | Closing Price £ | + or – |
|---|---|---|---|---|---|---|---|
| 11.94 | £10 | – | 15 | 11 | Essex Water 9% Red. Pref. 1982 | 13 | +1/2 |
| $US100 | F.P. | – | [illegible] | [illegible] | Gotaverken AB 6% Guar. Notes 1982 | $99 1/4 | –1/4 |
| $US100 | F.P. | – | [illegible] | [illegible] | Gotaverken AB 6% Guar. Bds 1985 | $99 3/4 | –1/4 |
| $US100 | F.P. | – | [illegible] | [illegible] | ICI O'seas Finance 8% Guar. Bds 1985 | $99 3/4 | –1/4 |
| $US100 | F.P. | – | [illegible] | [illegible] | Kockums-Mek 8% Guar. Notes 1985 | $99 3/4 | +1/4 |
| KD [illegible] | F.P. | – | [illegible] | [illegible] | Korea Development Bk 8% Guar. Bonds 1979 | KD 96 | |
| KD89 | F.P. | – | KD87 | KD87 | Korea Development Bk 9% Guar. Bonds 1981 | KD97 | |
| [illegible] | F.P. | – | [illegible] | [illegible] | Midland Int. Fin. [illegible] Guar. Bds 1988 | $99 | +1/4 |
| [illegible] | F.P. | 13/12 | [illegible] | [illegible] | Newman Inds. 11% Conv. Pref. | 10 | –1 |
| $US100 | F.P. | – | [illegible] | [illegible] | Nova Scotia (Prov. of) 9% Db. 1985 | [illegible] | |
| $US100 | F.P. | – | [illegible] | [illegible] | Quebec [illegible] Deb. Series "D" 1986 | $99 1/4 | +1/4 |
| $US100 | F.P. | – | [illegible] | [illegible] | [illegible] of Scotland [illegible] Guar. Notes 1981 | $99 | +1/4 |
| $US100 | F.P. | – | [illegible] | [illegible] | [illegible] Guar. Bds 1986 | $99 1/4 | +1/4 |
| 99 1/4 | F.P. | – | [illegible] | [illegible] | Tendring Hundred Waterworks 9% Red. Pf. 1981 | 96 | |
| $US100 | F.P. | – | [illegible] | [illegible] | Uniroyal Intl. Guar. Float Rates Notes '81 | $96 | |
| [illegible] | F.P. | 7.1 | [illegible] | [illegible] | Willis Faber 7% Conv. Pref. | 2 | –1 |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1976 High | Low | Stock | Closing Price p | + or – |
|---|---|---|---|---|---|---|---|
| 58 | F.P. | 10.12 | [illegible] | 58 | Assoc. Engineering | 75 1/2 | –2 |
| SA4 | SA2 | 5.12 | 560 | 575 | Broken Hill Props. | 455 | –5 |
| 62 | Nil | 20.12 | 10.1 | 25 | Chloride Group | 25 | +2 |
| 11 | F.P. | 6.12 | 7.1 | 1 | Cray Electronic | 15 | |
| 25 | F.P. | 22.11 | 11.12 | [illegible] | Fairbairn Lawson | 31 | |
| 124 | F.P. | 1.11 | 17.12 | 148 | General Accident | 148 | –4 |
| 100 | F.P. | 29.10 | 10.12 | 154 | Hawden (Alexander) | 155 | |
| SA1.75 | F.P. | 5.12 | [illegible] | [illegible] | National Bank of Australasia | 210 | 2 |
| SA1.30 | F.P. | 1 | [illegible] | [illegible] | Western Mining | 140 | –3 |

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend cover based on previous year's earnings. w Figures based on prospectus or other official estimate for 1976. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ※ Offered to holders of ordinary shares as a "rights." @ 290 S.Afr. cents. ‡ Rights by way of capitalisation. — Tender allotment price. ◆ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ■ Allotment letters (or fully-paid). • provisional or partly-paid allotment letters. § With warrants. ф After suspension. KD Kuwait Dinar







BIDS AND DEALS

# LCWP advises holders to reject Lonrho

The executive directors of London City and Westcliff Properties are recommending shareholders to reject Lonrho's 22p a share cash bid for the outstanding 65 per cent. of the shares. This follows completion of the valuation of the company's properties by chartered surveyors, Richard Ellis.

Last night, LCWP's finance director, Mr. Michael Summers, said that a final valuation figure had not yet been arrived at, but full details will be posted to shareholders next week.

The valuation, which would normally have been prepared over three or four months, has had to be completed in the three weeks subsequent to the announcement of the Lonrho offers.

This has prevented LCWP from writing to shareholders earlier with their formal advice.

## BRICOMIN BUYS MORE OF FINLAY

Bricomin Investments, a subsidiary of British and Commonwealth Shipping, has added a further 305,000 shares in James Finlay—the plantations, trading and financial group—to its existing holding of 800,000 shares. The latest acquisition, bought at around 130p per share through the market, raises Bricomin's stake in Finlay to around 11 per cent.

A spokesman for Bricomin, while not ruling out the purchase of further Finlay shares if they become available, said that the holding was an investment and was not intended as a base for a bid.

John Swire and Sons, one of the largest private U.K. groups trading in the Far East, paid 150p per share for a 29.5 per cent. stake in Finlay to Slater Walker Securities in a £4.47m. deal in October.

## BERWICK TIMPO U.S. ARRANGEMENT

Toy group Berwick Timpo has come to an agreement with Aurora Products Corporation of America, a subsidiary of Nabisco, under which its products will be sold on the North American market. Aurora has been appointed exclusive distributor in the U.S. and Canada for the Timpo range of playsets, forts and model figures.

In a further agreement, Flair Toys, a Berwick subsidiary, has been granted exclusive rights in the U.K. and Eire for all the Aurora products, which include the AFX road racing system, hobby kits and family games including the Brunswick air soccer.

Flair Toys is to acquire, for £175,000 cash, Aurora Plastics (U.K.), with effect from March 31, 1977. Aurora U.K. made losses for the year ended November 30, 1975.

The deal is subject to consent by the Bank of England and the performance of certain undertakings of Aurora Products. The consideration is subject to the value of the net tangible assets of Aurora U.K. which are warranted by Aurora Products to be £200,000.

## SMITHS INDUSTRIES

Smiths Industries has acquired the capital of Simonsen and Nielsen A/S, which is an importer and distributor in Denmark of motor parts and accessories, bearings and allied products, sporting goods and industrial equipment. It has two wholly owned subsidiaries in Sweden. The assets being acquired are valued at some £2.0m.

The acquisition extends into Scandinavia, Smiths' involvement in the general distribution of parts and accessories for vehicles and for industrial plant and machinery.

## EMBANKMENT TRUST

The offer by Whitehall Trust for the Ordinary shares of Embankment Trust not already owned has been accepted in respect of 7,335,394 shares (80.7 per cent. of the capital for which the offer was made and 58.2 per cent. of the capital for which the offer was made and 58.2 per cent. of the total capital) from 71.8 per cent. of the holders of the shares offered for.

Whitehall now owns (either itself or through its subsidiary) or has received acceptances in respect of 10,856,644 Ordinary shares (86.1 per cent. of the capital). Acceptances have also been received in respect of 7,335,394 Ordinary shares of Embankment which will be allotted if the proposed scrip issue is approved at the EGM to-day.

The offer has been extended until Friday. It remains conditional on the passing of a resolution cancelling the 4½ per cent. convertible unsecured loan stock.

## SIME DARBY LDN. BUYS BUTTERFIELD-HARVEY STAKE

Sime Darby London, the wholly-owned subsidiary of Far Eastern trading group Sime Darby, has bought 2,861,000 shares in Butterfield-Harvey, the engineering, processing and factoring group.

Vendor of the 19.99 per cent. Butterfield-Harvey stake was Scottish group William Baird, which received 40p a share for its holding. Baird expects to apply the £1.14m. it receives from the sale to improve the overall liquidity of the group.

A statement from Sime Darby says that the group has no present intention of using its newly acquired stake to launch a full bid. It is hoped to develop "mutually advantageous trading relations between the Butterfield-Harvey group of companies and Sime Darby operating in various parts of the world—particularly in South East Asia."

## PORTALS £2.4M. SALE

In a £2.36m. cash deal, Portals Holdings is selling its ion exchange resin business, Zerolit, to the U.S. Diamond Shamrock Corporation of Ohio. Net assets involved are less than £1.75m.

Portals, which recently reported a £1m. increase in half-year pre-tax profits to £3.1m., is engaged in bank note and security paper manufacture together with water treatment and engineering interests. For 1975, Zerolit's results were described as "disappointing" in the last annual report. Portals says that the proceeds of the sale will be used by the water treatment subsidiary for the general purposes of its business.

## Clydesdale Investment policy

Mr. J. A. Lumsden, chairman of Clydesdale Investment Company says that the directors aim to achieve a steady growth in dividends in the future.

With their ability to adopt a flexible investment policy, to diversify both geographically and industrially, and to employ a measure of gearing when market prospects appear to justify this, Mr. Lumsden sees no reason why investment trust companies should not continue to provide growth in net asset value combined with steadily rising dividends.

Discount levels seem unlikely to increase particularly as yields have risen substantially as a result of the current discounts. Therefore purchases of investment trust shares at current prices should prove a satisfactory investment both for the individual and the institutional investor, he adds.

As already reported, pre-tax profit for the year to September 30, 1976 was static at £1.4m. The dividend is raised from 1.35p to 1.45p. Meeting, Glasgow on January 10 at 2.30.

## STEETLEY

The Steetley Company has bought through the market for cancellation £496,900 of its 6½ per cent. Debenture stock 1985-90.

# World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 13, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rates; (T) tourist rate; (n.c.) non-commercial rates; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Afars & Issas | Djibouti Franc | 275 sg |
| Afghanistan | Afghani | (A) [illegible] |
| Albania | Lek | n/a |
| Algeria | Dinar | 7.05 |
| Andorra | French Franc | 8.38½ |
| | Spanish peseta | 114.85 |
| Angola | Angola Escudo | n.a. |
| Antigua (S) | E. Caribbean | 4.54 |
| Argentina | Ar. Peso Free Rate | 446.85 |
| Australia (S) | Australian $ | 1.5935 |
| Austria | Schilling | 28.65 |
| Azores | Portug. Escudo | 53.10 |
| Bahamas (S) | Ba. Dollar | 1.6815 |
| Bangladesh (S) | Taka | 25.55 sg |
| Bahrain (S) | Dinar | 0.660 |
| Balearic Is. | Spa. Peseta | 114.85 |
| Barbados (S) | Barbados $ | 3.363 |
| Belgium | B. Franc | (cm) 61.55 |
| | | (fn) 61.60 |
| Belize | B$ | 3.363 |
| Benin | C.F.A. Franc | 419¾ |
| Bermuda (S) | Bda. $ | 1.6815 |
| Bhutan | Indian Rupee | 14.55 |
| Bolivia | Bolivian Peso | 33.65 |
| Botswana (S) | Pula | 1.4565 |
| Brazil | Cruzeiro | 20.22 |
| Br. Virgin Is. (S) | U.S. $ | 1.6815 |
| Brunei (S) | Brunei $ | 4.14575 |
| Bulgaria | Lev | 1.5640 |
| Burma | Kyat | 11.80 |
| Burundi | Burundi Franc | 148.17 |
| Cameroon Rp | C.F.A. Franc | 419¾ |
| Canada | Canadian $ | 1.7195 |
| Canary Is. | Spanish Peseta | 114.85 |
| Cape Verde I. | Cape V. Escudo | 53.10 |
| Cayman Is. (S) | Cay. I. $ | 1.40125 |
| Cent. Af. Rp. | C.F.A. Franc | 419¾ |
| Chad | C.F.A. Franc | 419¾ |
| Chile | C. Peso | (Bk) 28.14 |
| China | Renminbi Yuan | 3.1551 |
| Colombia | C. Peso | (F) 60.77 |
| Comoro Is. | C.F.A. Franc | 419¾ |
| Congo (B'ville) | C.F.A. Franc | 419¾ |
| Costa Rica | Colon | 14.461 |
| Cuba | Cuban Peso | 1.365 sg |
| Cyprus (S) | Cyprus £ | 0.6942 |
| Czechoslovakia | Koruna | (com) 9.66 |
| | | (n.c.) 19.60 |
| | | (T) 18.25 |
| Denmark | Danish Krone | 9.85½ |
| Dominica (S) | E. Caribbean $ | 4.54 |
| Domin. Rep. | Dominican Peso | 1.6815 |
| Ecuador | Sucre | (O) 40.58 |
| | | (F) 46.15 |
| Egypt | Egyptian £ | (O) 0.6455 |
| | | (T) 1.1545 |
| Ethiopia | Ethiopian $ | (P) 3.485 |
| Eq'l Guinea | Peseta | 114.85 |
| Falkland Is. (S) | Falkland Is. £ | 1.0 |
| Faroe Is. | Danish Krone | 9.85½ |
| Fiji Is. (S) | Fiji $ | 1.6056 |
| Finland | Markka | 6.58 |
| France | French Franc | 8.38½ |
| Fr. C'ty in Af. | C.F.A. Franc | 419¾ |
| Fr. Guiana | Local Franc | 8.38½ |
| Fr. Pac. Is. | C.F.P. Franc | 152.64 |
| Gabon | C.F.A. Franc | 419¾ |
| Gambia (S) | Dalasi | 4 |
| Germany (East) | Ostmark | 4.05 |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Germany (West) | Deutschemark | 4.05 |
| Ghana (S) | Cedi | 1.92 |
| Gibraltar (S) | Gibraltar £ | 1.00 |
| Gilbert Is. | Aust. Dollar | 1.5935 |
| Greece | Drachma | 61.898 |
| Greenland | Danish Kroner | 9.85½ |
| Grenada (S) | E. Caribbean $ | 4.54 |
| Guadeloupe | Local Franc | 8.38½ |
| Guam | U.S. $ | 1.6815 |
| Guatemala | Quetzal | 1.6815 |
| Guinea Rep. | Syli | 37.45 |
| Guinea Bissau | | 56.003 |
| Guyana (S) | Guyanese $ | 4.2878 |
| Haiti | Gourde | 8.4075 |
| Honduras Rep. | Lempira | 3.363 |
| Hong Kong (S) | H.K. $ | 7.99625 |
| Hungary | Forint | (com) [illegible] |
| | | (n.c.) T 56.9 |
| Iceland (S) | I. Krona | 315.60 |
| India (S) | Ind. Rupee | 14.55 |
| Indonesia | Rupiah | 697.8225 |
| Iran | Rial | (A) 117.5 |
| Iraq | Iraq Dinar | 0.49317 |
| Irish Rep. (k) | Irish £ | 1.00 |
| Israel | Israel £ | 14.525 |
| Italy | Lira | 1,456 |
| Ivory Coast | C.F.A. Franc | 419¾ |
| Jamaica (S) | Jamaica Dollar | 1.52864 |
| Japan | Yen | 496½ |
| Jordan (S) | Jdn. Dinar | 0.545 sg |
| Kampuchea | Riel | n.a. |
| Kenya (S) | Ken. Shilling | 14.00 |
| Korea (Nth) | Won | n.a. (g) |
| Korea (Sth) | Won | 805.95 |
| Kuwait (S) | Kuwait Dinar | 0.482 |
| Laos | Kip Pot Pol | 336.3 |
| Lebanon | Lebanese £ | 4.6914 |
| Lesotho | S. African Rand | 1.4565 |
| Liberia | Liberian $ | 1.6815 |
| Libya | Libyan Dinar | (P) 0.4978 |
| Liechtenstein | Swiss Franc | 4.12½ |
| Luxembourg | Lux Franc | 61.55 |
| Macao | Pataca | 7.7525 |
| Madeira | Portug'se Escudo | 53.10 |
| Malagasy Rp. | M'y Franc | 419¾ |
| Malawi (S) | Kwacha | 1.5[illegible]6 |
| Malaysia (S) | Ringgit | 4.23575 |
| Maldive Is. (S) | Mal. Rupee | 14.881 |
| Mali Rp. | Mali Franc | 839½ |
| Malta (S) | Maltese £ | 0.715 |
| Martinique | Local Franc | 8.38½ |
| Mauritania | Ouguiya ♣ | 84.025 |
| Mauritius (S) | M. Rupee | 11.125 |
| Mexico | Mexican Peso | 34.00 |
| Miquelon | C.F.A. Franc | 419¾ |
| Monaco | French Franc | 8.38½ |
| Mongolia | Tugrik | (O) n.a. (g) |
| Montserrat | E. Caribbean | 4.54 |
| Morocco | Dirham | 7.55 sg |
| Mozambique | Moz. Escudo | 53.10 |
| Nauru Is. | Aust. Dollar | 1.5935 |
| Nepal | Nepalese Rupee | 21.081 |
| Netherlands | Guilder | 4.20¾ |
| Neth. Ant'les | Antillian Guild | 3.0099 |
| New Hebrides | Franc | 155.677 |
| | Austl. Dollar | 1.5935 |
| N. Zealand (S) | N.Z. Dollar | 1.8352 |
| Nicaragua | Cordoba | 11.82 |
| Niger Rp. | C.F.A. Franc | 419¾ |
| Nigeria (S) | Naira | 1.1407 |
| Norway | Nrwg. Krone | 8.79¼ |
| Oman Sultanate of (S) | Rial Omani | 0.577 |
| Pakistan | Pkst. Rupee | 16.50 sg |
| Panama | Balboa | 1.6815 |
| Papua N.G. (S) | Kina | n.a. |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Paraguay | Guarani | 210.05 |
| P'p'l's D. Rp. of Yemen (S) | S. Yemen Dinar | (A) 0.56675 |
| Peru | Sol | (ex/c) (A) 115.42 |
| Philippines | Ph. Peso | 12.506 |
| Pitcairn Is. (S) | £ Sterling | — |
| | New Zealand $ | 1.8352 |
| Poland | Zloty | (A) Cm 52.52 |
| | | (T) 59 |
| Portugal | Port. Escudo | 53.10 |
| Port Timor | Timor Escudo | 53.10 |
| Principe Isle. | | n.a. |
| Puerto Rico | U.S. $ | 1.6815 |
| Qatar (S) | Qatar Ryal | 6.60 |
| Reunion Ile de la | French Franc | 8.38½ |
| Rhodesia | Pound● | 1.0575 |
| Romania | Leu | (cm) 8.31 |
| | | (n.c.) T 20.06 |
| Rwanda | Rwanda Franc | 154.60 |
| St. Christopher (S) | E. Caribbean $ | 4.54 |
| St. Helena (S) | £ Sterling | — |
| St. Lucia (S) | E. Caribbean $ | 4.54 |
| St. Pierre | C.F.A. Franc | 419¾ |
| St. Vincent (S) | E. Caribbean $ | 4.54 |
| Salvador El | Colon | 4.21 |
| Samoa Am. | U.S. $ | 1.6815 |
| San Marino | Italian Lire | 1,456 |
| Sao Tome | Pgse. Escudo | 53.10 |
| Saudi Arabia | Ryal | 5.90 |
| Senegal | C.F.A. Franc | 419¾ |
| Seychelles | S. Rupee | 15.36 |
| Sierra Leone (S) | Leone | 2.0 |
| Singapore (S) | Singapore $ | 4.14575 |
| Solomon Is. (S) | Australian $ | 1.5935 |
| Somali Rep. | Som. Shilling | (A) 10.585 (sg) |
| Sth. Africa (S) | Rand | 1.4565 |
| S. W. Africa Territories (S) | S. A. Rand | 1.4565 |
| Spain | Peseta | (b) 114.85 |
| Spain. Ports in North Africa | Peseta | 114.85 |
| Sri Lanka (S) | S. L. Rupee | (A) 14.5775 sg ◆◆ |
| Sudan Rp. | Sudan £ | (A) 0.585 sg |
| Surinam | S. Guilder | 3.0098 |
| Swaziland (S) | Lilangeni | 1.4565 |
| Sweden | S. Krona | 7.02 |
| Switzerland | Swiss Franc | 4.12½ |
| Syria | Syria £ | (A) 6.165 sg |
| Taiwan | New Taiwan $ | (P) 63.9[illegible] |
| Tanzania (S) | Tan. Shilling | 14.005 |
| Tonga Is. (S) | Pa'anga | 1.5935 |
| Thailand | Baht | 33.825 |
| Togo Rp. | C.F.A. Franc | 419¾ |
| Tonga Is. (S) | Pa'anga | 1.5935 |
| Trinidad (S) | Trin. & Tobago | 4.0356 |
| Tunisia | Tunisian Dinar | 0.685 sg |
| Turkey | Turkish Lira | 26.40 (sg) |
| Turks & C's | U.S. $ | 1.6815 |
| Uganda (S) | Ug. Shilling | 14.00 |
| Utd. States | U.S. Dollar | 1.6815 |
| Uruguay | Uruguay Peso | (com) 6.63 |
| | | (fin) 6.65 |
| Utd. A'b Emirs | U.A.E. Dirham | 6.58 |
| U.S.S.R. | Rouble | 1.25 |
| Upper Volta | C.F.A. Franc | 419¾ |
| Vatican | Italian Lira | 1,456 |
| Venezuela | Bolivar | 7.22 (z) |
| Vietnam Nth | Dong | (O) 4.675 |
| | | (T) n.a. (g) |
| Vietnam Sth | Piastre | 3.1108 |
| Virgin Is. U.S. | U.S. Dollar | 1.6815 |
| Western Samoa (S) | Samoan Tala | 1.0034 |
| Yemen | Ryal | 7.04 sg |
| Yugoslavia | New Y Dinar | 30.4492 |
| Zaire Rp. | Zaire | 1.4487 |
| Zambia | Kwacha | 1.25 |

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per rupee.
♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.
(x) General rates oil and iron exports 70.623
(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles: The North Vietnamese dong at 0.306 roubles and the North Korean won at 0.7493 roubles. With the pound standing at 1.25 roubles the following relationship could be calculated for the pound. £=5.56 tugriks: £=4.08 dongs: £=1.668 won.
* Rate is the Transfer market (controlled).
** Rate is now based on 2 Barbados $ to the dollar.
‡ Now one official rate.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Better news from Metallgesellschaft

BY GUY HAWTIN

FRANKFURT, Dec. 13.

METALLGESELLSCHAFT (MG), the Frankfurt-based metals, engineering and transport concern, seems to have had a rather better 1975-76 than it originally expected. Although there were continued losses in the aluminium field operating profits showed a substantial improvement.

Herr Karl Gustaf Ratjen, the group's chief executive, was unwilling to forecast the likely dividend outcome for the 12 months, but MG's preliminary report on the 12 months seemed to have an optimistic flavour. For 1974-75, shareholders received a 10 per cent. payout, down from the previous business year's 12 per cent. after heavy falls in both turnover and profits.

The losses in the aluminium sector have been a serious drain on the concern's profits for the last few years. As one executive recently put it: "The lightest metal has been our heaviest burden."

However, MG has disposed of its stake in the aluminium smelting operation, Leichtmetall. Its losses are still depressing 1975-1976's figures but the current business year's returns should be a great deal healthier without them.

Group profits during the 12 months showed an overall improvement, although the processing sector, as well as aluminium, again showed a deficit. Prospects in the processing sector, however, are now much better and performance has improved considerably.

Group turnover, which dropped by about 20 per cent. 1974-75, rose by 18 per cent. from DM5.24bn. to DM6.18bn. (£1.54bn.). This is a considerable improvement but sales were still below 1973-74's DM6.51bn.

The recovery was far stronger in the group's overseas business than at home. Domestic turnover went up by 9 per cent. from DM3.4bn to DM3.725n. (£929.8m.) while overseas sales rose 34 per cent. from DM1.88bn. to DM2.46bn (£614.3m.). Foreign trade as a proportion of total turnover went up from 34 per cent. to 40 per cent.

According to a circular to shareholders out to-day, the inflow of orders varied from sector to sector. There was a noticeable upswing in orders in the metals sector and an improvement in the order situation in the semi-finished products sector. This compared favourably with generally flat bookings for chemical products.

Plant construction orders, particularly those placed with MG's subsidiary Lurgi, continued to be very strong. But although the inflow of orders in this sector remained high, it was somewhat under 1974-75's levels.

Production in the metal sector remained relatively low despite the improvement in orders. In the processing sector the increase in orders brought about a timely rise in output, while, in the chemicals sector production capacity for titanic oxide pigment was fully utilised.

- German share prices, aided by the reform of the corporation tax law, could rise 15 per cent. on average over the next year, Mr. Karl-Oskar Koenigs, partner at Bankhaus Metzler Seel Sohn und Company told Reuters.

Fundamental data indicates shares can resume their November rally provided next year's wage rises remain moderate, and inflation falls further. The Bundesbank must also continue its easy monetary policies and Germany has to cope better than others with a probable Opec oil price rise, he said in an interview.

Mr. Koenigs, who is also president of the Frankfurt Stock Exchange, added that although shares in general should rise, developments between and within sectors could diverge greatly reflecting individual company performances.

## Amev forecast, takeover plan

BY MICHAEL VAN OS

AMSTERDAM, Dec. 13.

AMEV, the Dutch insurance company, expects this year's profits to rise by "at least 10 per cent." from the 1975 level of Fls.53.8m. However, there have been major setbacks in the accident insurance sector this year.

The forecast was made in the company's latest financial statement governing the first nine months of this year. In the period, net profits went up to Fls.40.4m. compared with Fls.37.5m., indicating a third quarter improvement after lower first-half net profits.

Amev also announced recently that its life insurance company "Utrecht" intends to make a bid for the shares it does not already hold in NEFO, the closed-end investment fund whose total assets amounted to nearly Fls.98.5m. at the end of November. About one-third of its shares are already owned by the Amev subsidiary.

The Dutch insurance company said in its financial statement that its total turnover—life and non-life premium income as well as investment income—reached Fls.1.07bn. in the first nine months, up 15 per cent. on the same period of 1975. Last year, turnover grew by the same percentage.

Results booked in the life insurance sector were "favourable." The insured sum went up by Fls.2.4bn. to Fls.31.5bn. The adverse development of accident insurance activities was attributed, inter alia, to the Fls.4.5m. impact of the January storms.

As regards NEFO, it was stated that further details will be forthcoming shortly. The fund's total assets of Fls.98.4m. are employed for 36.6 per cent. in real estate, 25.9 per cent. in shares and 31.1 per cent. in bonds. The share capital amounts to Fls.96m.

Amev Management Board member Mr. Bollerman said in Utrecht to-day that the NEFO portfolio fitted in well with the similarly invested portfolio of the "Utrecht" life insurance subsidiary. He said it was not yet certain what form the bid would take—possibly cash or shares in AMEV. He rejected the suggestion that the bid was planned to raise Amev's capital base.

## German chemicals recovery

BY OUR OWN CORRESPONDENT

FRANKFURT, Dec. 13.

WEST GERMANY'S powerful chemicals industry is now well back on the road to recovery after last year's recession. Most of the companies in the industry have shown improvements in both profits and turnover, but none more so than the "Big Three."

Hoechst, BASF and Bayer—mentioned in order of size—have shown powerful recoveries and stock market analysts here appear to be viewing them with renewed interest. BASF remains the most profitable of the big three with the most favourable balance sheet and liquidity structure, but Hoechst and Bayer are being greeted with the greatest enthusiasm as observers feel that at current prices their shares are undervalued.

BASF, like its two rivals, first noted the upturn in demand during the final quarter of 1975. What started off as the rebuilding of customers' stocks, developed into a general revival in demand as the Federal Republic's economy moved into higher gear.

The company particularly benefited from the upturn in the motor industry—an important customer for plastics, among other things. Now, well into the fourth quarter, it seems set to make up for 1975's decline in profits, with earnings returning to close on levels prevalent in the early seventies.

During the first nine months of the year, group pre-tax profits rose 100 per cent. from DM536m. to DM1.07bn. (£268.3m.). During the same period, turnover went up 19 per cent. from DM13.1bn. to DM15.6bn. (£3.9bn.). No need for a capital increase is foreseen and the group appears easily able to finance its capital investment programme for the year entirely from its own resources.

Group net profits for 1976 are being forecast at DM690m. This compares with a meagre DM450m. last year, a record DM920m. in 1974, DM730m. in 1973 and DM560m. in 1972. Profits per share, at DM22 in 1973 and DM27.50 in 1974, are expected to recover from last year's DM14 to DM20 this year. The anticipated margin on turnover, at 3.5 per cent., is considerably better than 1975's 2.6 per cent., but still well below 1974's 4.7 per cent. and 1973's 5.1 per cent.

Hoechst has seen a sales increase of 15.4 per cent. in the first three quarters, with sales up from DM14.89bn. in the comparable period of 1975 to DM17.18bn. (£4.3bn.). At the same time profits rose 60.7 per cent. from DM610m. to DM980m. (£245m.).

The utilisation of capacity improved to about the 80 per cent. mark and this, coupled with the moderate level of wage settlements and lower interest rates, were important factors in the geared-up increase in profits. Profits per share this year are unofficially estimated to return to DM18, after DM12 last year, DM26 in 1974, DM20 in 1973 and DM15 in 1972.

Bayer has shown the most dramatic recovery. World sales went up by 21.7 per cent. to DM15.87bn. (£3.97bn.) while pre-tax profits put on 108 per cent. to reach DM650m. (£162.5m.). At the same time the group's financial situation has improved substantially.

Last year, the liquidity situation was far from ideal and net borrowings were over five times the cash flow. This year's rights issue of DM50 nominal shares, offered at a ratio of 1 for 10, at a price of DM100, injected some DM400m. The effect of this has been aided by the sharp upturn in profits.

This year net profits are unofficially forecast to rise to DM 650m. This compares with DM425m. last year, DM935m. in 1974, DM710m. in 1973 and DM540m. in 1972. Profits per share are forecast at DM17 against DM10 last year, DM20 in 1974, DM15 in 1973 and DM12 in 1972. The estimated net margin, however, remains low at 2.9 per cent. compared with last year's 2.4 per cent., 1974's 4.9 per cent. and 1973's 5.1 per cent.

All three concerns appear to be regarded as attractive investments. Increased dividends are expected and good progress is expected next year. Hoechst and Bayer, with shares at their current levels, seem to be considered the best buys.

## Sw. frs. 1m. pr[illegible] at Landis & G[illegible]

FINANCIAL TIMES REPORTER

LANDIS UND GYR AG said it will have a group net profit of around Sw.frs.1m. in the year ended September 30, compared with a 34.2m. francs loss for the previous year.

The minimum target of restoring a balanced group profit and loss account was achieved. But considerable efforts will still be needed to normalise earnings and secure the group's future, the company said in a provisional report on its group figures.

Billed group sales rose about 5 per cent., or Frs.39m., the company said but gave no overall figure. (Group turnover in the previous year was Frs.856m.).

It said that Frs.30m. of this increase was consolidating Dutch sales co[illegible] Systems Inc. [illegible] first time.

Currency c[illegible] in relation to [illegible] France, result[illegible] billed sales o[illegible] volume increas[illegible] [illegible] 5 per cent. company said.

Group order[illegible] francs rose 7 p[illegible] with the pre[illegible] showed a rise[illegible] cent. expresse[illegible] cies, it said.

Reuter

## Singer reserves released

NEW YORK, Dec. 13.

THE SINGER company has completed a re-evaluation of its reserves for previously discontinued businesses and other businesses which had been identified last year as marginal or peripheral to the company's mainstream operations, Mr. Joseph B. Flavin, chairman and chief executive announced.

In October of 1975 the company decided to withdraw from its water resources, European mail order, graphic systems and telesignal businesses. Those actions have now been substantially completed and the related provisions are now reduced by $5.5m.

In December 1975 the company created a provision of $252m. for withdrawal from the business machines field. As a result of the completion of a number of agreements negotiated throughout 1976 involving the sale of substantial portions of the business and assets of the company's business machines division, $50.2m. is now released from that reserve.

In connection with this programme, the directors of the company have now also decided to withdraw from the mailing equipment, knitting, tufting, venture capital, and traffic control businesses.

Provisions totalling $52.3m. were established for expenses and possible losses in connection with these actions. The actions now announced will not result in a change in the reserve of $63.7m. established during 1975 for estimated costs of closing, a number of excess plant facilities and disposals in various divisions of the company. Action is continuing on this programme and the balance of this reserve — approximately $46m — is still expected to be required.

"The substantial progress we've made in restructuring the company," Mr Flavin says, "enables the management of the company to concentrate on our sewing business—both consumer and industrial, our manufacturing of products for the consumer, our aerospace group, and education products. These mainstream businesses, which will have a sales volume in 1976 in excess of $2bn., form a strong base for the company in the future."

The net effect of changes now announced in the company's provisions for discontinued operations will be a related increase in equity of $3.7m.

FLUOR CORPORATION, the international company providing services to the energy and natural resources industry, reports consolidated net earnings of $64.88m. or $3.88 a share for the year to October 31, 1976, up from $47.4m. or $2.87 a share in the previous 12 months.

Consolidated revenues for the past 12 months were $1.8bn compared with $1.3bn. New orders during the period totalled $3.2bn. against $6.9bn. The backlog of uncompleted work at October 31 was $8.8bn. compared with $9.1bn. a year earlier.

Fourth-quarter operations generated net earnings of $17.4m or $1.04 a share on revenue of $461.4m. This compares with earnings of $14.3m or 86 cents a share on revenue of $392m. for the same three months in 1975. New orders in the quarter totalled $1.9m against $324m.

## Empain-Schneider orders surge

BY DAVID CURRY

PARIS, Dec. 13.

EMPAIN-Schneider, the Franco-Belgian steel, nuclear heavy and civil engineering conglomerate, has booked orders worth Frs.23.8bn during the first nine months of the year—some 29 per cent. higher than for the same period of last year. Turnover over the same period was Frs.15.1m., a much more modest increase from the Frs.14.4m. of 1975.

Unlike many other companies in the heavy capital goods sector Empain-Schneider has not suffered a post-summer orders shortfall, since the third quarter intake of Frs.8.7bn. was the best.

It attributes the order increase to the sales won by Framatome, its nuclear engineering subsidiary (via Creusot-Loire) which is the official leader of the French civil power station building programme, and by the engineering-construction group Spie Batignolles. Other parts of the group gaining an "honourable mention" are Jeumont-Schneider electrical and industrial group, the shipbuilding subsidiary France-Dunkerque and the Belgian metal construction company Ateliers Belges Reunies.

The figures have been consolidated on the basis of counting for 100 per cent. the companies managed exclusively by Empain-Schneider and for 50 per cent. of sales of those in which Empain-Schneider participates in management. Although the group is effectively controlled by the Belgian Baron Edouard Empain the greater part of turnover (Frs. 13.1bn.) is realised by the French companies as were the bulk of the new orders (Frs.21.6bn.). Some Frs.11.1bn. of orders will be for export.



## Non-textiles help Kanebo

TOKYO, Dec. 13.

KANEBO, a leading Japanese [illegible] products and pharmaceutical [illegible] has reported [illegible] profit of ¥456m. for [illegible] ¥1,255m. [illegible] sales of [illegible]

[illegible]

## EUROBONDS

## Norwegian issue priced

BY TONY HAWKINS

THE $60m. Norges Kommunalbank 8½ per cent. Eurobond issue was priced yesterday at 99½, the lead Managers, Westdeutsche Landesbank announced last night. The issue has an average life of 9 years and is guaranteed by the Kingdom of Norway.

Quiet conditions prevailed in secondary market trading yesterday with bond prices continuing to firm where changed. The New Zealand Offshore Mining Co. 8 per cent. bonds were better at 99¼-99¾. In first time dealings, the City of Oslo Fls.75m. issue was traded at the 99½ level after being priced at par.

From Osaka it is reported that Hitachi Shipbuilding and Engineering is planning a $30m. Eurobond issue in the dollar sector next February. Hitachi issued a DM50m. bond in February this year. Meanwhile, Hitachi Cable is reported to be about to announce a DM30m. Eurobond issue over five years on a coupon of around 7 per cent. shortly, according to banking sources in West Germany.

**BONDTRADE INDEX**

| | Monday | Friday |
|---|---|---|
| Medium | 102.64 | 106.45 |
| Long | 93.89 | 93.84 |
| Convertible | 106.31 | 106.45 |

## Ecopetrol Euroloan signed

Financial Times Reporter

A $100m. EUROLOAN agreement for Ecopetrol, the Colombian State-owned oil company, was signed yesterday. Lead manager for the loan, in which 38 international banks are participating, is the Bank of America, and the funds will be used to increase production of Columbia's refined oil products. The seven-year credit carries an interest rate of 1½ per cent. above Libor (London inter-bank offered rate).

Also signed in London yesterday was a $150m. agreement or a loan to three Brazilian State steel concerns. Lead manager is Libra Bank for the package consisting of a $105m. five-year Eurocredit at 1¾ per cent. above Libor. In addition there were two private placements of notes, arranged by Westdeutsche Landesbank and the Swiss Banking Corporation for DM50m. and Sw.Frs.65m. respectively.

## TAA dividend

By Our Own Correspondent

THE AUSTRALIAN National Airlines Commission which runs the government's domestic airline, Trans-Australia Airlines, achieved an operating profit after tax of $A2.36m. (about £1.5m.) for 1975-76—an improvement of 6.1 per cent. on the previous year.

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan [illegible] | [illegible] | [illegible] |
| Australia [illegible] | [illegible] | [illegible] |
| Bowater [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Credit National [illegible] | 97¼ | [illegible] |
| Denmark [illegible] 1984 | [illegible] | [illegible] |
| ECS [illegible] | [illegible] | [illegible] |
| EIB [illegible] 1986 | [illegible] | [illegible] |
| GKAP [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Eurofima [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| ISE Canada [illegible] | [illegible] | [illegible] |
| Massey Ferguson [illegible] | [illegible] | [illegible] |
| Michelin [illegible] | [illegible] | [illegible] |
| Midland Int. [illegible] | [illegible] | [illegible] |
| MODO [illegible] | [illegible] | [illegible] |
| Nat. Westminster [illegible] | [illegible] | [illegible] |
| Newfoundland [illegible] | [illegible] | [illegible] |
| Norpipe [illegible] | [illegible] | [illegible] |
| Norsk Hydro [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Ports Autonomes [illegible] | [illegible] | [illegible] |
| Prov. Quebec [illegible] | [illegible] | [illegible] |
| [illegible] Hydro [illegible] | [illegible] | [illegible] |
| Prov. Saskatch. [illegible] | [illegible] | [illegible] |
| Stand. Enskilda [illegible] | [illegible] | [illegible] |
| Volvo [illegible] | [illegible] | [illegible] |
| **NOTES** | | |
| Australia [illegible] | [illegible] | [illegible] |
| Australia [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Montreal [illegible] | [illegible] | [illegible] |
| Nat. Coal Board [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| New Zealand [illegible] 1986 | [illegible] | [illegible] |
| Nippon Fudosan [illegible] 1981 | [illegible] | [illegible] |
| S. of Scot. Elec. [illegible] 1981 | [illegible] | [illegible] |
| **FLOATING RATE NOTES** | | |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| LTCB of Japan [illegible] | [illegible] | [illegible] |
| **D-MARK BONDS** | | |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |

| | Bid | Offer |
|---|---|---|
| [illegible] | 96 | 99 |
| New Zealand [illegible] | 103¾ | 104 |
| [illegible] | 98 | 99 |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express [illegible] | [illegible] | [illegible] |
| Ashland [illegible] | [illegible] | [illegible] |
| Beatrice Foods [illegible] | [illegible] | [illegible] |
| Beatrice Foods [illegible] | [illegible] | [illegible] |
| [illegible] | 104 | 106 |
| Broadway Hale [illegible] | [illegible] | [illegible] |
| Canon Camera [illegible] | [illegible] | [illegible] |
| Carnation [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Dart [illegible] | [illegible] | [illegible] |
| Eastman Kodak [illegible] | [illegible] | [illegible] |
| Economic Labs [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Ford [illegible] | [illegible] | [illegible] |
| Ford [illegible] | [illegible] | [illegible] |
| General [illegible] | [illegible] | [illegible] |
| Gillette [illegible] | [illegible] | [illegible] |
| Gould [illegible] | [illegible] | [illegible] |
| Gulf and Western [illegible] | [illegible] | [illegible] |
| Harris [illegible] | [illegible] | [illegible] |
| Honeywell [illegible] | [illegible] | [illegible] |
| ITT [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| J. Ray McDermott [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| J. P. Morgan [illegible] | [illegible] | [illegible] |
| Nabisco [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| J. C. Penney [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| Playboy [illegible] | [illegible] | [illegible] |
| Revlon [illegible] | [illegible] | [illegible] |
| Reynolds Metals [illegible] | [illegible] | [illegible] |
| Sperry Rand [illegible] | [illegible] | [illegible] |
| Squibb [illegible] | [illegible] | [illegible] |
| Texaco [illegible] | [illegible] | [illegible] |
| Toshiba [illegible] | [illegible] | [illegible] |
| Union Carbide [illegible] | [illegible] | [illegible] |
| Warner Lambert [illegible] | [illegible] | [illegible] |
| Warner Lambert [illegible] | [illegible] | [illegible] |
| Xerox [illegible] | [illegible] | [illegible] |

Source: Kidder, Peabody Securities.



[illegible]ckwell [illegible]

[illegible]NIES

[illegible]an anno[illegible]

[illegible]Standard

[illegible]fits boosted [illegible]subsidiary

[illegible]m beats tren[illegible]

هكذا من الأصل



B-1 BOMBER

# Rockwell plays it cool

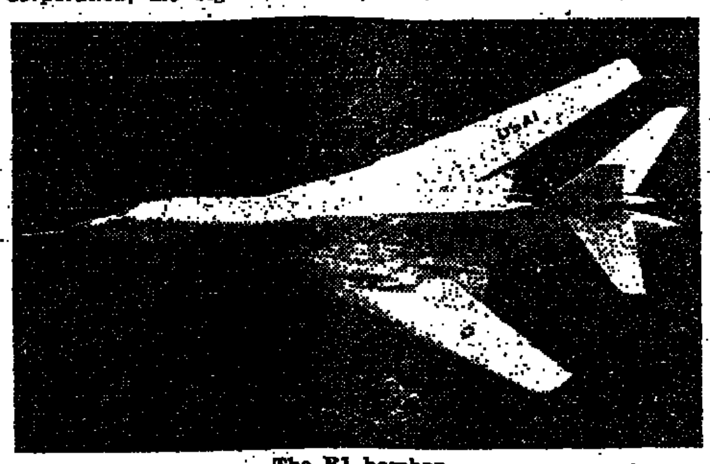
BY ARTHUR GARCIA IN SANTA BARBARA

the first and most decisions President- ...ny Carter will face ...noves into the White ...t month will have to ...forts to stimulate the ...conomy. One of his ...cisions, however, will ...ide the fate of the ...d controversial B-1 ...e plane the U.S. Air ... it must have to main- ...ective strategic bomber ...ce. The Air Force ... of the supersonic B-1s ... cost now estimated at ...1 the Defense Depart- ...ecently ordered a start ...ction by the plane's ...rer. Rockwell Inter- ...orporation. But it will ... Mr. Carter to give the ... after he takes office ...as already indicated ...sition to the expensive

...g on the B-1 decision ...s many as 65,000 aero- ...s, most of them in ... which has been hit ... unemployment rate ... than the national ... Rockwell has 10,000 ... now working on the ...ct, representing about ...t. of the total Califor- ...oyment of Rockwell, a ...lti-industry company ...ered in Pittsburgh, ...nia, but whose North ... Aircraft division is ...side Los Angeles. If ...es into full production, ...s payroll for the ...ay climb to as high ... Add to that the sub- ... workers, and the total ...elated jobs jumps to ...s another 40,000 or so ...orkers.

... those jobs are import- ...lifornia's economy, the ...nportant to Rockwell. ... Robert Anderson, the ...s 55-year-old president ...ef executive, quickly ...t, the big bomber is not. "I think the B-1 has ...ential for the company," he says. "It could become one of our largest operations with, I hope, good profit prospects. But it's a very small part of the company to-day."

Mr. Anderson (not to be confused with Robert Anderson who is chairman of Atlantic Richfield Corporation, the big California-based oil company which recently purchased London's Observer newspaper) explained in an interview that Rockwell's government-reimbursed research and development revenues from the B-1 programme in fiscal 1975 were less than $300m, about 6 per cent. of total company sales of $4.8bn. In the fiscal year ended this past September 30, the company's volume increased to a record $5.2bn.



The B1 bomber.

The B-1 has been under development for six years at a cost so far of approximately $2bn. Earlier this year, Congress told the Defense Department to limit funding of the B-1 programme to $87m. a month until America's Presidential elections were over and the winner could make the final decision on the bomber. The Pentagon says that its move to order production was made to save an estimated $500m. which would have been added to the cost of the project "to wind the whole thing down and start it up again in the spring" if Mr. Carter chose that route.

The production go-ahead avoided employee layoffs and cancellation of orders for pre-production materials, the Defense Department asserts. Should the in-coming President cancel the contract, only $140m. beyond what already has been obligated would be added to overall costs, Air Force officials contend.

Although the Air Force puts the cost of 244 B-1's at $23bn., other projections for buying, maintaining and deploying the planes over a 20-year period range up to $100bn., a number disputed by both the Air Force and Rockwell. Mr. Anderson bristles at reports of B-1 costs soaring to three times original estimates. "All the figures you see published on the B-1 are taking to-day's costs and escalating them at an inflation rate into the future," he says.

Heaviest production of the B-1 would be in the middle 1980s. The programme was priced around $10-11bn. when Rockwell won the contract in 1970, half the $23bn. figure now used. "The problem is, of that amount 88 per cent. is inflation and 12 per cent. is increased costs to make the plane do the things we've had to do and changes we had to make on it." Mr. Anderson stresses. "Only 21 per cent. in increased costs on a major weapon system is almost unheard of."

Whatever the ultimate fate of the B-1, Rockwell's diversity lightens its dependence on the bomber. Although aircraft and electronics businesses account for 35 to 50 per cent. of total volume, the company's biggest and most profitable operation is its automotive group, which accounted for 25 per cent. of fiscal 1975's total sales. "Automotive is a commercial business and by its nature is a lot more profitable than aerospace," comments the chief executive. Foreign sales produce 20 to 25 per cent. of total corporate volume.

America's Space Shuttle orbiter, the reusable space transportation system for which Rockwell is the prime contractors, is an important part of the company's aerospace business. But while the B-1 and Space Shuttle make the headlines, Rockwell also makes gas and water meters, oil field equipment, pipeline valves, textile machinery and is the world's largest manufacturer of printing presses. It produces automotive and truck/trailer parts and the company's Collins Radio Group is one of the world's biggest in avionics and telecommunications manufacturing and claims to be the largest supplier of high frequency and ultra-high frequency communication products and systems to the U.S. Government.

"The point I want to make," emphasises Mr. Anderson as the B-1 controversy grows, "is that Rockwell is a very broadly-based company."

...RICAN COMPANIES

# ...rumman announces refinancing

...THPAGE NY, Dec. 13.

...AN CORPORATION has ...d a new seven-year ...nancing agreement with ... of nine U.S. banks, ...ll replace the company's ...ine of commercial credit ...ed in October, 1974.

...nan Corporation said the ...greements provided a ...ated loan of $75m, from ...lli Iran and a revolving ... $125m. from a consor- ...U.S. banks. Following ...ning Grumman gave ...elli Iran a required 15- ...ance notice that the out- ... $75m. loan will be ... in full.

...ew financing agreement ... of a decreasing $135m. ... revolving credit which ...rtible on September 30, ...o a five-year term loan ... separate $25m. line of ...rom the same nine U.S. The ceiling of the $135m. ...g credit will decrease ...tally to $50m. over the ... period. At the con- ... date, whatever amount ...ey is outstanding and ...d into a term loan will ...id in quarterly incre- ...f $2.5m.

...nan chairman John C. Bierwirth, in announcing that the company had arranged the new seven-year $160m. financing agreement, said: "Our ability to repay the Bank Melli Iran loan signifies Grumman's full return to financial health and this new financing will provide the means for continued growth."

"The Navy's plans to step up F-14 fighter production starting in 1979 and other new business we expect to win will require larger inventory financing," he explained. "Our previous credit agreements expired in 1978. The new restructured arrangement will extend our credit availability until 1983 at a lower rate of interest and with no subordinated debt."

The new agreement will bear interest at the prime rate plus ½ per cent. until the September 30, 1978, conversion date when it increases to prime rate plus ¾ per cent. This replaces both the Bank Melli Iran loan at 11 per cent. and the $125m. of revolving credit at prime rate plus ¾ per cent. from U.S. banks.

Bierwirth also said that under the new agreement the prior covenant which limited payment of cash dividends on capital stock to 20 per cent. of consolidated net income would be raised to 35 per cent., computed on a cumulative basis from January 1, 1976.

Citibank will act as the agent for the nine domestic banks providing the new line of revolving credit. The other members are: Bank of New York: Bankers Trust Co.: Chase Manhattan Bank NA: Chemical Bank: European American Bank: Marine Midland Bank: Mellon Bank NA: and Morgan Guaranty Trust Co. AP-DJ

● Babcock and Wilcox chairman and president Mr. George G. Zipf told security analysts here that "at this point I expect 1976 to be another record year for the company."

Last year the company earned $3.49 a share on shipments of $1.5bn. For the first nine months of 1976 earnings were $3.40 per share on shipments of $1.2bn., reports AP/DJ.

The executive attributed the good results to "better performance in our steam generating business and the continued good results from other product lines such as tubes, refractories machine tools, hollow forgings and replacement parts despite depressed market conditions."

Mr. Zipf said: "In the year about to end we also increased our dividend rate twice by a total of 50 per cent. while reducing our debt by $135m. cutting it from $247m. last January 1 to $112m. to-day. Our present backlog is in the range of $4bn.

"Looking ahead, based on the most current analyses of a fairly moderate growth in the economy in the year ahead and barring any prolonged work stoppages 1977 should be another year of solid improvement in Babcock and Wilcox's performance."

# ...ndiana Standard estimates

...NCIAL TIMES REPORTER

...PLY with tighter rules ...reserve estimates being ... by the U.S. oil industry, ...d Oil Company (Indiana) ...ted to be anticipating a ... of some $26m. in its earn- ...is year. The fall, which ...s to 18 cents a share, ...rom revision of its end ...serve estimates made for ...e U.S. and Canada in ... gas liquids and natural ...well as crude oil.

It is explained that the effect on earnings arises from the increase in depreciation and other charges which results from lower reserves and having to account for costs over a shorter period of time. In the fourth quarter, there was also a one-off charge of around $10m. from properties and lease facilities which were being abandoned.

The revision in the estimates of reserves was made to keep in line with reserve definitions generally acceptable to the industry and to take account of the new guidelines set by the Securities and Exchange Commission.

It is pointed out, for instance, that reserve estimates for crude oil and natural gas liquids in the U.S. at the end of 1975 were reduced to 2.2bn. barrels from 2.24bn. while those for Canada were cut from 317m. barrels to 289m.

# ...CB profits boosted ... British subsidiary

...DAVID BUCHAN

BRUSSELS, Dec. 13.

...ELGIAN maker of film, ...ls and pharmaceuticals, ...as declared an interim ...d of B.Frs.60 net per ... (B.Frs.50 last year), ...g improvement from the ...f last year to a modest ...f B.Frs.22m. after tax in ...lf of this year. This has ...chieved despite prolonged ... in May and June in the ...Flemish factories of the group's film and chemical sectors.

The directors single out their U.K. subsidiary, British Sidac, which has two large cellophane factories in Lancashire and Cumbria, as the main contributor to this year's profit. Results this year, the directors say, "have clearly confirmed the wisdom of our taking control of this company in 1973, and of the capital subsequently invested there."

# ...hlstroem beats trend

...ANCE KEYWORTH

HELSINKI, Dec. 13.

...STREOM OY in its annual ... for the fiscal year ending ...0, 1976 shows a result in ...contrast to the increas- ...epressed figures published ...Finnish companies with ...industry interests.

...over in the financial year ...ed by 15.3 per cent. to ...2bn. (£226m.) and if fully ... subsidiaries are included ...al turnover was Fm.1.58bn. ...er, the result is 15 per ...elow the budgeted target. ...main reason for the en- ...ing figures is the accrual ...fiscal year of major, long- ...engineering division de- ...s. They covered the losses ...by all three divisions of ...rest industry—paper and ...aperboard and wood pro- ... The performance of the ...and plastics division was ...eak.

Nevertheless, the profit of Fm.14.8m. (£2.98m.)—one per cent. of net sales (compared with 1.4 per cent. in the previous fiscal year)—points to the wisdom of the strategic plan for diversification of the product range applied in 1975. In the 1976 listings of Finnish industrial companies according to turnover, this still largely family company ranked eighth.

* * *

PARIS, Dec. 13.

REDOUTE A ROUBAIX said it expects group net profits to rise between 18 and 30 per cent. and sales to rise about 15 per cent. in the financial year ending February 28 next.

In the 1975-76 year it reported group net profits of Frs.39.8m. (Frs.28.7m.) on sales of Frs. 2.14bn. (Frs.1.82bn.). Reuter

# SBC Funds

By John Wicks

ZURICH, Dec. 13.

NET INCOME of Universal Bond Selection, an international bond and share mutual fund managed by the Swiss Bank Corporation affiliate, Interfonds, of Basle, rose to Sw.Frs.84.3m. (Sw.Frs. 80.4m.) for the year ended September 30, despite the effect of deteriorating exchange rates. With an increase in the number of units in circulation to 14.9m. (14.13m.), net income per unit remained almost unchanged at Sw.Frs.5.69 (Sw.Frs.5.68). The fund, of whose total assets of Sw.Frs.1.2bn. (Sw.Frs.1.1bn.) over one half are in dollar and mark bonds, will distribute a gross dividend per unit of Sw.Frs.5.65 for the year.

Japan Portfolio, a mutual fund for Japanese securities, kept its net income almost unaltered for the year at Sw.Frs929,832 (Sw.Frs.925,574), or of Sw.Frs. 9.14 (Sw.Frs.10.03) per unit. This much smaller fund, whose assets rose to Sw.Frs.45.2m. (Sw.Frs. 42.4m.), will pay a gross dividend of Sw.Frs.8.50 per unit, excluding reclaimed Japanese withholding tax.

THE SWISS BANK CORPORATION, of Basle, has joined with the Berne-based civil engineering company, Universal Ingenieur, to set up Universal Engineering and Finance Corporation. Based in Geneva, this will operate as an independent consulting company specialising in engineering and financial services to third-world projects. With a capital of Sw.Frs.10m., it is to take over the management initially of a number of power-station projects in South America, Africa and the Middle East.

# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Slightly lower in early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 13.

A SLIGHTLY easier tendency developed in further reduced trading on Wall Street to-day, when operators were inclined to *await the outcome of the meeting* in Qatar of the Organisation of Petroleum Exporting Countries.

At 1 p.m. the Dow Jones Industrial Average was off 0.16 at 972.99 and the NYSE All Common

**Closing prices and market reports were not available for this edition.**

Index shed 6 cents to £56.27, while the trading volume fell another 1.96m. shares to 15.23m. compared *with 1 p.m. last Friday.*

**Monroe Auto Equipment** rose $¾ to $10¼—its Board will hold a special meeting on December 15 to discuss a previously announced takeover bid by **Tenneco**, which added $¾ at $36¼.

**Pickwick International** lost $1 to $17—it *reported* higher second quarter earnings but "flat" first half year operating net.

Elt moved up $1¼ to $13¼—**NL Industries** agreed to sell its *Dutch Boy Paint Division to Elt* for undisclosed cash. NL held unchanged at $19¾.

*Pepsico gave way $¾ to $80—it said it made "sensitive" payments abroad totalling $1.7m. over the past five years.*

Active **American Telephone** firmed $¼ to $64¼, and **Texas International**, also active, gained $¼ to $9¼. **ASA** declined $1 to $21¼.

**Rucker** improved $1 to $29¾, following **NL Industries** revising the formula in its offer to acquire Rucker, raising **the maximum** and lowering the minimum number of NL shares it **will exchange** for each Rucker **share.**

**The American SE** Market value Index, however, added 0.28 at 102.40, while **advances led declines by about a six-to-five majority.** Trading volume **expanded 170,000** shares to 1.55m., **compared** with 1 p.m. last Friday.

## OTHER MARKETS

### Canada easier

Canadian Stock Markets generally eased **in light trading** yesterday morning.

The Industrial Share Index shed 0.21 to **166.78, golds 3.86** to 308.39, Base Metals **0.26 to 75.91.** Utilities 0.07 **to 137.88 and Banks** 1.84 to 226.54. **But Western Oils** rose 1.67 to 216.74 **and Papers put** on 0.45 to 104.98.

**Dome Petroleum climbed** $¾ to $58¼. **Siebens were up** $¼ **at** $13¾, while **Canadian Merrill** at $11¼ and **Asamera at $11¼ each gained** $1.

**PARIS**—Generally **lower**, with buyers **discouraged by the lower** October **Industrial Production** Index, the large third quarter balance of payments deficit and prospects of strikes Tuesday and Wednesday in Electricity and Gas Industries.

Constructions and Electricals fell most. Banks and Foods weakened, Rubbers and Engineerings declined.

Stores were irregular, Steels weakened, Oils eased, while Chemicals were hesitant.

Americans and International Oils were steady, but Belgians, Dutch, Coppers and Canadians weakened, while Germans were irregular.

Golds fell.

**BRUSSELS**—Mixed to lower after slow trading.

Steels were mixed. Non-Ferrous Metals mixed. Chemicals mostly steady. Oils firmed while Holdings eased.

U.S. stocks finished mixed among predominantly lower Internationals. South African Gold Mines gave ground.

**AMSTERDAM**—Most shares lost ground in dull conditions.

But Unilever edged higher, while *Philips* finished unchanged following the higher interim dividend for 1976 and moderate optimism for 1977.

State Loans advanced sharply, due to expectations of a new State Loan, possibly this week.

**GERMANY**—Most shares eased in very quiet and featureless trading. Depressing markets was a rumour that VW, down DM2 to 139, would not pay a dividend again this year despite improved earnings.

Major Stores weakened following news reports that pre-Christmas shopping was not living up to expectations. Karstadt dipped DM2.50 to 334.50 and Kaufhof DM3 to 210.

Public Bonds issues lost up to DM0.20 in quiet activity. The Regulating Authorities bought DM3m. nominal of stock. Foreign Mark Loans were steady.

**MILAN**—Lower over a broad front on light profit taking while *the approaching end-Account restricted trading.*

Insurances gave ground, as did Banks and Financials.

Bonds were quietly steady.

**OSLO**—Industrials and Shippings were quiet. Insurances barely steady, while Bankings were firm.

**VIENNA**—Fairly steady in light trading.

**COPENHAGEN**—Mixed in moderate dealings.

**SWITZERLAND**—Mixed in brisk trading.

Banks and Financials were narrowly mixed. Chemicals eased. Insurances were slightly higher, while Industrials were irregular.

U.S. stocks were generally above Friday's Wall Street levels in moderate trading.

**JOHANNESBURG**—Gold shares eased in line with overseas bullion indications.

**Harmony** dropped 20 cents to R485 following an accident at the mine causing loss of production.

Financial Minings lost ground, Coppers were occasionally lower, while Platinums were narrowly mixed.

Industrials were quietly firmer.

**TOKYO**—Lower in fairly active trading with concern over possible margin trading curbs inviting profit-taking. Volume 210m. shares.

Electricals, Motors and Accessories, and also Constructions fell on late profit-taking.

**Mitsumi Electric** lost Y13 to Y722, **Alps Electric** Y40 to Y1,220 and **Victor Japan** Y20 to Y1,070.

**HONG KONG**—Higher in active trading.

**Hong Kong Bank** moved up 20 cents to $HK19.00, **Hong Kong Land**, 10 cents to $HK7.20, **New World**, 2 cents to $HKL52, **Hutchison**, 2½ cents to $HK3.35, **Jardine**, 30 cents to $HK17.70, **Swire Pacific "A"**, 10 cents to $HK9.70, **Hong Kong Electric**, 5 cents to $HK4.825, **China Light**, 20 cents to $HK 18.20, and **Hong Kong and Kowloon Wharf**, 20 cents to $HK15.60.

Among Motors, **Nissan Motor** gained Y30 to Y670, but **Hino Motor** declined Y14 to Y246, **Isuzu Motors** Y7 to Y199, **Nippon Denso** Y80 to Y1,760 and **Nissan Diesel** Y8 to Y364.

**AUSTRALIA**—Leading Minings and Industrials fell back, following the second revaluation of the Australian dollar in two weeks plus the Labour election win in Tasmania.

Export Oriented Mines and Industrials were the hardest hit, with **Hamersley** falling 17 cents to $A2.78, **Utah** 10 cents to $A4.75, **CSR** 10 cents to $A3.50 and **EZ Industries** 17 cents to $A2.78.

**CRA** lost 18 cents to $A2.92.

Most Banks and Retailers, however, continued firm.

**Mount Lyell** shed 2 cents to 34 cents, despite its revised operations plan, while **Pancontinental** dropped 40 cents to $A8.0 after announcing plans for development of its Jabiluka project.

**BHP** were 16 cents lower at $A7.26.

## Indices

### NEW YORK - DOW JONES

| | Dec. 13 | Dec. 9 | Dec. 8 | Dec. 7 | Dec. 6 | Dec. 3 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 973.15 | 973.74 | 965.26 | 960.63 | 961.77 | 950.55 | 1014.79 | 858.71 | 1051.70 | 41.22 |

### N.Y.S.E. ALL COMMON

| Dec. 10 | Dec. 9 | Dec. 8 | Dec. 7 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 56.55 | 55.21 | 55.93 | 55.63 | 57.51 | 47.06 |

| Rises and Falls | Dec. 10 |
|---|---|
| Issues Traded | 1,918 |
| Up | 893 |
| Down | 588 |
| Same | 437 |
| New Highs | 135 |
| New Lows | 5 |

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Shillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* ex all. Δ Interim since increased.

## OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—116¼% (117%).

### GERMANY ♦

| Dec. 13 | Prices Dm. | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| A.E.G. | 82.3 | —0.5 | — | — |
| Allianz Versich | 386.5 | +1.5 | 18 | 2.3 |
| B.M.W. | 214.3 | —1.2 | 18 | 4.2 |
| B.A.S.F. | 167.8 | —0.7 | 14 | 4.6 |
| Bayer | 135.3 | —0.7 | 14 | 5.2 |
| Bayer Hypo | 285 | | 20 | 3.4 |
| Bayer Vereinsbk. | 284 | —1 | 20 | 3.0 |
| Commerzbank | 195.8 | —0.5 | 18 | 4.7 |
| Conti. Gummi | 64 | —0.4 | — | — |
| Daimler | 352 | —1 | 17 | 2.6 |
| Degussa | 230 | —1 | 15 | 3.9 |

# Pound firm

Sterling gained ground in the foreign exchange market yesterday on optimism ahead of the Government's economic package and the announcement about the proposed loan from the International Monetary Fund, to be made on Wednesday. Trading was generally quiet however, partly on apprehension about the result of the mineworkers' ballot on industrial action over the issue of early retirement.

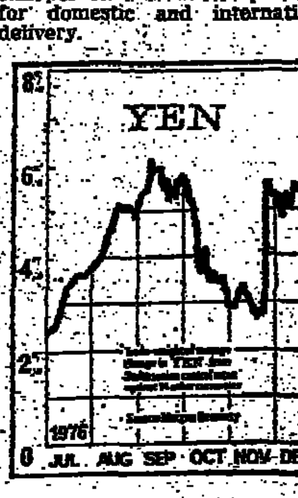
The U.S. dollar was weak in early trading following the cut in U.S. banks' prime lending rates before the week-end, but improved later to show little change on the day in terms of most European currencies.

The pound opened at $1.6705-$1.6715, and eased to a low point of $1.6700-1.6710, before rising sharply after lunch. It touched a best level of $1.6830-1.6840, but declined slightly at the close, to *$1.6810-1.6820, a gain of 1.10 cents* on the day.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, narrowed to 44.4 per cent. from 44.8 per cent., *after standing at 44.5 per* cent. at noon and 44.8 per cent. in early dealings.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 0.37 per cent. *from* 0.35 per cent.

Gold fell $3 to $134¾-135¾ on lack of confidence following the metal's failure to rise sharply after the last gold auction by the IMF. The Krugerrand's premium over *its* gold content widened to 3.42 per cent. from 2.80 per cent. for domestic and international delivery.




### SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | Dec. 10 | Dec. 9 |
|---|---|---|
| Sterling | 0.689620 | 0.688906 |
| U.S. dollar | 1.15351 | 1.15251 |
| Belgian franc | 42.1938 | 42.2049 |
| Deutschemark | 2.76379 | 2.76802 |
| French franc | 5.74621 | 5.75203 |
| Italian lira | 997.959 | 997.896 |
| Japanese yen | 340.803 | 341.373 |
| Dutch guilder | 2.88312 | 2.88300 |
| Swedish krona | 4.81622 | 4.81461 |
| Swiss franc | 2.82838 | 2.82814 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

### EXCHANGE CROSS-RATES

### EURO-CURRENCY INTEREST RATES

### GOLD

### FOREIGN EXCHANGE

| Dec. 13 1976 | Bank Rate % |
|---|---|
| New York | 5¼ |
| Montreal | 9 |
| Amsterdam | 6 |
| Brussels | 9 |
| Copenhagen | 10 |
| Frankfurt | 3½ |
| Lisbon | 6½ |
| Madrid | 7 |
| Milan | 15 |
| Oslo | 6 |
| Paris | 10½ |
| Stockholm | 8 |
| Tokyo | 6½ |
| Vienna | 4 |
| Zurich | 2 |

* Basic discount convertible franc. 61.88.

### MILAN

### AUSTRALIA

### BRUSSELS/LUXEMBOURG

### PARIS

### TOKYO

### SWITZERLAND

### AMSTERDAM

### STOCKHOLM

### COPENHAGEN

### OSLO

### VIENNA

### NEW YORK

### CANADA

### BRAZIL

### JOHANNESBURG

### SPAIN

Brazil coffee

Australia

More U.S.

MARKET REPORT

COMMODITY TIMING IS SUCCESSFUL OPTIONS ON SILVER

# ...ubts on ...ssian ...in ...ality

...HINGTON, Dec. 13.
...VIET UNION's grain ...s nearing the 1973 ...tput of 222.5m. tonnes. ... of it is believed to be ...rage quality and con...ssively high moisture. ...griculture Department ...n, Foreign Agriculture.

...puted the condition to ...rains and harvesting ...

...a planned for seeding ...ains for harvest next ...m. hectares, 5m. more ... 976, it added.

... winter grains are re... be progressing well. ... the increased area, ... a probability that the ... was in high-risk areas. ...ere cold may result in ...t winterkill.

... grain exports are ex... return to a nearly ...vel of 4m. to 5m. tonnes ... from the insignificant ...n 1975-76, it added. ...mports are expected to ...an half the 26m. tonnes ... in 1975-76, however. ...R. will take between ...n. tonnes of wheat and ...m the U.S. under the ... grain agreement be... two countries.

# ...xite pact ...y urged

...ite James

KINGSTON, Dec. 13.
...nternational Bauxite ...on, has reaffirmed the ... that member countries ...sist all efforts at play...e against the other.

...ffirmation came in the ...eeting of the Associa...inisterial Council in ..., Sierra Leone. It was ... to have been under...light of indications that ... year-old grouping was ...t of attempts to create ... among members, but ...ific nature of these ... was not revealed.

...eeting is also reported ... reaffirmed the need for ...ation of a short term ... pricing policy for ... and alumina exports ...mbers countries.

...meeting also reviewed ... from the Executive ...n a long term pricing ... However there has been ...ial statement on the ... these discussions, lead...uggestions here that the ...ion did not reach agree-

# Brazil price move boosts coffee to new peak

BY RICHARD MOONEY

LONDON COFFEE futures climbed above the £2,500 a tonne mark for the first time ever yesterday following the announcement of rises in Brazil's coffee export tax (contribution quota) and minimum export price.

The March position reached £2,250 a tonne at one stage and closed £60 above Friday's level at £2,536.5 a tonne.

The $5 a bag (60 kilos each) *rise in the export tax* has a direct effect on prices as it raises the cost of exporting coffee by this amount. The move had been widely anticipated in the market—forecasts to this effect had played a part in last week's rise—but the announcement, nevertheless, brought a further wave of speculative buying.

*The minimum export price* rise, $1.70 to $1.90 a pound, is of less direct significance, but effectively underpins the market. The new rate closes the gap between the minimum export price and ruling exporting levels significantly and it is now much less easy to sell below the minimum than it was in the past.

The export minimum sets the amount of foreign exchange coffee exports must bring into the country. In the old days when coffee cost less than £500 a tonne it was possible for exporters to creep under this barrier by importing foreign exchange held abroad to make up the deficit on their selling prices.

But at current prices the amount of foreign exchange required to allow a significant cut *in the export price has become* prohibitive and this manoeuvre has fallen into disuse.

It is possible to buy coffee at below the minimum export price, however, as some Brazilian exporters hold export uncommitted registrations taken out at the lower levels.

The Brazilian Coffee Institute (IBC) introduced a measure to *discourage the taking out of such* speculative registrations last month when it began to demand a $5 a bag non-returnable advance against export registrations.

However, there is nothing to prevent exporters taking out speculative registrations if they are sufficiently confident that a rise in the official minimum is coming.

The new Brazilian attitude to coffee exporting has now restored some of the traditional premium over other types which had been eroded earlier in the year when Brazil made no attempt to match successive export price rises by other producers.

The former policy resulted in unexpectedly large Brazilian shipments and the IBC seems anxious to slow the export rate in view of the low stock level following last year's frost disaster.

Cocoa prices fell sharply yesterday despite a lack of fundamental news. The March position closed £100 down on the day at £1,868 a tonne.

Dealers said unconfirmed reports that manufacturers were re-selling supplies back on to the market, coupled with suggestions that cocoa consumption was showing signs of turning downwards again, added to the recent nervousness of the market.

In Accra, the Ghana Cocoa Marketing Board said it estimated main crop purchases last week (the tenth of the season) at 16,691 tons. This was in line with market forecast and so had little effect on prices.

# Australia to 'float' wool price

BY OUR COMMODITIES STAFF

FOLLOWING THE second revaluation of the Australian dollar since the 17.5 per cent. devaluation last month, the *Australian Wool Board* announced yesterday that it would float its flexible wool reserve prices with the dollar.

Mr. Malcolm Vawser, Board marketing manager, said in Canberra reserve prices would be adjusted for the latest 1.28 per cent. revaluation and the Board would continue with its policy of adjusting the reserve prices according to market trends.

Meanwhile, from Melbourne, Reuter reported that the Board *has* forecast that first-hand auction offerings, exclusive of Board re-offers, should total about 1.76m. bales in December/June compared with 2.24m. bales in the same 1975-76 period.

This assumes private treaty trading will take between 21 to 23 per cent. of the clip.

Sales to the trade at auction to the end of November totalled 1.53m. bales, 500,000 more than in the 1975-76 period.

The Board noted a high level of buying by East European countries continued to influence wool prices in November, particularly in the broader merino and crossbred categories.

The buying pressure on the broader types caused a reduction in price differentials between categories across the micron range, it added. It said November statistics indicate Japanese purchases in July/October rose 39 per cent. compared with last year.

However, it said reports on fashion trends at the Frankfurt Interstoff exhibition last month indicated that an earlier trade preference for crossbred wools could gradually shift back to merino fleece types.

The reports indicate a trend in menswear favouring tweeds could give way to finer and lighter worsteds in the following season. There are also growing indications of interest in lighter wool fabrics for womenswear, it added.

# More U.S. cotton likely

WASHINGTON, Dec. 13.

U.S. 1976 cotton production is forecast at 10.2m. net weight bales of 480 lbs., up from the 9.8m. bales forecast last month, and 24 per cent. above the 8.3m. produced last year, the U.S. *Agriculture Department's* crop reporting Board said.

Based on December 1 conditions, the Board estimated production of upland cotton this year at 10.2m. and output of American-Pima cotton at 51,000 bales.

Last year's crop produced 8.2m. of upland and 54,500 bales of American-Pima cotton.

The Department estimates average lint yield a harvested acre at 451 lb., *up from the* 435 lb. estimated a month ago, but down from the 453 lb. yielded in 1975, and it forecast 10.9m. acres of cotton would be harvested this year compared with 8.8m. last year.

Reuter

# Copper down despite stocks fall

By John Edwards, Commodities Editor

THE FIRST fall in copper stocks held in LME warehouses for 10 weeks failed to stir much interest on a very quiet market yesterday.

Despite the decline in stocks, marginally down by 300 tonnes to a total of 593,525 tonnes, copper cash wirebars closed £3.25 lower at £759.25 a tonne.

*Sterling's* firmer tone and the lack of trading interest helped depress prices, although it was noted that scrap business appears to be somewhat stronger.

Tin failed to respond to a sharp rise in the Penang market over the week-end to $M1,246.125 a picul—close to the top of the new middle *sector of the new Tin Agreement* price ranges agreed last week.

A further fall in tin warehouse stocks—down by 70 tonnes to a total of 6,020 tonnes—also failed to offset selling in a quiet market encouraged by the rise in sterling. As a result, cash tin closed £52.5 lower at £4,940 a tonne.

Zinc was the most lively market and the only one where prices ended the day higher. The cash quotation closed £2.25 up at £392 a tonne.

There was a hefty fall of 3,200 tonnes in stocks, cutting total holdings to 99,500 tonnes. Lead stocks rose by 950 to 69,800 tonnes, while LME silver holdings fell by 300,000 to 28,730,000 ounces.

# French see 6½% limit on farm price rises

PARIS, Dec. 13.

M. CHRISTIAN BONNET, French Agriculture Minister, said he would be surprised if decisions to be taken by the EEC Agriculture Ministers resulted in French farm prices rising more than 6.5 per cent. next year.

The Nine Agriculture Ministers are due to meet at the end of March to set agricultural prices for the EEC.

*The French Government* has set a target of limiting inflation and wage rises next year to 6.5 per cent. and M. Bonnet said demands by milk and maize producers for rises of 15 to 20 per cent. are "extravagant."

Reuter

PHILIPPINES

# Losses turn sugar export trade sour

BY OUR MANILLA CORRESPONDENT

WITH THE world sugar market price down and a large stock increase as the result of a huge crop this season, the sweetness in the Philippines sugar industry, the country's top foreign exchange earner, has started to turn sour.

The industry had sought, at the Government's prodding, to make up for reduced price of sugar exports by increasing the volume. But this strategy has failed largely because production costs in the Philippines are high, and, at the prevailing world market price, sales can only be made at a loss.

In the past month, the National Economic Development Authority (NEDA) has been busy re-examining the Philippines' production and marketing strategy.

President Ferdinand Marcos, presiding over a NEDA meeting, ordered an increase in the local price of sugar for household use from 60 pesos (about $8.16) to 75 pesos (about $10.24) a picul and decreases of from 125 pesos ($17) a picul to 90 pesos ($12.24) *and from 79.50 pesos ($10.81)* to 60 pesos ($8.16) in the liquidation prices of sugar respectively for export and domestic sales. The price of industrial sugar has been frozen at 86 pesos ($11.70) a picul.

Filipino housewives, burdened by the high cost of living, are expected to protest at the increased sugar price. Higher prices at a time when there is a glut of sugar, to them, does not make much sense.

Neither are millers and cane planters expected to be happy about the decrease in the liquidation price, not to mention the fact that the Government has not paid them fully for the sugar in Government hands.

But it is the intention of the Government to drive marginal *planters (45 per cent. of cane* farms are less than five hectares in size) out of the sugar industry in the hope that with some Government financial and technical assistance, they would produce more profitable crops such as feedgrains.

Observers believe the increased price of domestic sugar would not help the industry *considering that domestic* consumption, including reserves, accounts for 30 per cent. of the annual 2m. tonnes production.

Domestic prices are likely to go up some more unless the depressed world market perks up.

The failure of the sugar industry, and the Government, to find a way out of this predicament will have serious effects on the country's economy. Sugar plays a crucial influence on the Philippines' balance of payments position.

In 1974, when the world market price went up to as high as 65 cents a pound, the Philippines earned a total of $US737,364,966 (27 per cent. of total export receipts) from 1.54bn. net kilos of sugar exported that year.

In 1975, when the sole sugar trading agency, the Government-owned Philippine Exchange Corporation (Philex) started holding supplies in an attempt to wring out the best possible prices, the country exported only 972m. kilos valued at $580,735,858

**The average price for Philippine sugar next year is *forecast* at 10 to 11 cents a pound, Philippines Central Bank Governor, Gregario Licaros, said.**

***The International Monetary* Fund used the figure in calculating Philippines balance of payments forecast of $US200m. deficits this year and next, he told a Press lunch.**

**Reuter**

(25.31 per cent. of total export earnings).

During the first nine months of 1976, however, the Philippines exported a total of 1.14bn. kilos fetching only $337,029,078 (17.79 per cent. of foreign exchange earnings)—mainly at a loss. The world market price is around 7.25 cents a pound, well below production cost a pound of roughly about 10 cents.

Because of this vital role of sugar in the Philippine economy, *Philex, a subsidiary of the* Philippine National Bank, took over the sugar trade in 1974.

It has operated ever since under a tight secrecy, but it is common knowledge that President Marcos has been making most of the decisions.

At a recent NEDA meeting, Philex revealed that it suffered a total loss of 413.6m. pesos (about $56.3m.) in its transactions over the first nine months of the year. Its losses have more than wiped out its profits in 1974 and 1975 of 591.6m. pesos (about $80.5m.).

At present, export stocks stand at 1.41m. tonnes and domestic stocks at around 300,000 tonnes. While the export stockpile is more than covered by recent contracts with three large American refiners—Sucrest, Texas Imperial and Great Western—for a total of 1.35m. tonnes annually for five years.

The new crop, estimated at between 2.5-3m. tonnes is starting to come in. As in 1975, garages, tennis courts and even swimming pools may be used to store sugar.

Since the expiry of the U.S. sugar Act last year, under which the Philippines had an export quota, the Philippines has worked hard to diversify its markets.

This year it sold 400,000 metric tonnes to the Soviet Union, 30,000 tonnes to New Zealand, 90,000 tonnes to Algeria and smaller quantities to China and Romania. Sri Lanka has also approached the Philippines for sugar requirements.

President Marcos has also ordered an intensified exploration of other possible markets, especially the Middle East where he hopes the Arabs would agree to barter oil for sugar.

At the same time, following the recent visit here by the Brazilian Mining and Energy Minister, Shigeaki Ueki, who explained how Brazil converted large quantities of sugar into methyl alcohol to ease its energy problem, Prseident Marcos has set aside 500,000 tonnes of sugar in the hope of duplicating the *Brazilian experience.*

While sugar prices last year offered little cheer, the Philippines banked on a projected world shortage because of the drought that struck Europe and other parts of the world.

This however, has not come about, defeating the holdback policy of the Government on sugar supplies last year.

On the whole, the long-term prospects for the Philippine sugar industry are uncertain.

For years, numerous studies calling for a rationalisation of the industry fell on the deaf ears of planters and millers who remained complacent first in the face of the U.S. sugar quota and then on the short-lived boom in the world market.

New mills were built even when existing ones were operating below capacity. Acreage grew when all they needed were higher-yielding varieties and better fertiliser application. The result was higher production costs.

# ...MMODITY MARKET REPORTS AND PRICES

## ...E METALS

[illegible]

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 759.5-60 | +1 | 759-6 | -5.25 | Cash | 4960-5 | -55 | 4935-45 | -52.5 | |
| 792.5-3 | +2.5 | 791.5-2 | -3 | 3 months | 5134-40 | -21.5 | 5100-10 | -50 | |
| 760 | +1 | — | ...... | S'ment | 4965 | -35 | — | ...... | |
| | | | | Standard | | | | | |
| 748.5-9 | +1.75 | 748.5-7.50 | -3.25 | Cash | 4960-5 | -35 | 4935-45 | -52.5 | |
| 781-.5 | +2.75 | 779-.5 | -2.75 | 3 months | 5120-5 | -20 | 5085-95 | -51 | |
| 749 | +1.5 | — | ...... | S'ment | 4965 | -35 | — | ...... | |
| — | ...... | *70-74 | ...... | Straits E. | $1,246½ | +12 | — | ...... | |
| | | | | New York | — | ...... | — | ...... | |

...ated Metal Trading reported morning cash wirebars traded ...60, three months £792, 92.5. Morning: Standard, cash £4,955, three months £5,130, 25, 15, 30, 25. After-

...S. Index 01-351 3466 Gold 135-138



## SILVER

[illegible]

## COFFEE

[illegible]

## COCOA

[illegible]

## GRAINS

[illegible]

## RUBBER

[illegible]

## MEAT/VEGETABLES

[illegible]

CALCUTTA—Firm. Indian spot Rs.515 Dundee Tossa Four spot Rs.508 value. A bale of 400 lbs.

DUNDEE—Steady. Prices c. and f. U.K. for Dec.-Jan. shipment: BWC £231, BWD £220. Tossa: BTB £248, BTC £238, BTD £222. Calcutta goods quiet. Quotations c. and f. U.K. for Dec. and Jan. shipment: 10-oz 40-inch £8.86, 7½-oz £6.60 per 100 yards. Feb.-March £8.68 and £6.61. "B" twills: £25.90 Dec., £25.35 Jan. and £26.57 Feb.-March. Yarn and cloth prices very firm.

## SUGAR

LONDON DAILY PRICE (raw sugar) unavailable (£116.00) a ton cif for Nov.-Dec. shipment. White sugar daily price unavailable (£147.00).

Quotations were contained within 75 point range and market closed around the low points, C. Czarnikow reports.

| Sugar Pref Comm Con. | Yesterday's Close | Previous Day's Close | Business Done |
|---|---|---|---|
| | £ per ton | | |
| March | 127.60-27.70 | 150.50-50.75 | 130.00-27.60 |
| May | 134.05-34.40 | 137.50-37.60 | 137.50-34.25 |
| Aug. | 140.80-41.00 | 144.10-44.25 | 144.00-41.50 |
| Oct. | 145.05-45.15 | 148.30-48.45 | 148.00-45.05 |
| Dec. | 148.25-48.75 | 151.20-51.25 | 149.25-48.75 |
| March | 151.50-51.75 | 154.00-54.50 | 154.25-51.60 |
| May | 153.60-54.20 | 155.55-56.00 | 154.05-54.00 |

Sales: 1,221 (2,480) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £224.00 (same) a tonne for home trade and £188.00 (£192.00) for export.

EEC IMPORT LEVIES effective to-day for denatured and non-denatured sugar *(previous in brackets)*: White 20.83 (same); Raw 18.47 (18.96).

## WOOL FUTURES

LONDON—Market improved slightly following overseas advices, reports Bache.

(Pence per kilo)

| Australian Greasy Wool | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| December | 238.0-40.0 | +2.75 | — |
| March | 251.0-52.0 | +5.00 | 251.0-50.0 |
| May | 259.0-60.0 | +5.00 | 259.1-59.0 |
| [illegible] | | | 266.0 |

[illegible]

GRIMSBY FISH—Supply fair, demand good. (Prices at ship's side unprocessed (per stone)): Shelf cod £3.60-£4.20, codlings £3.20-£3.80; large haddock £3.60-£4.20, medium £3.50-£3.60, small £2.60-£2.80; large plaice £3.80-£4.20, medium £3.70, best small £3.20; medium skinned dogfish £3.00, large £4.60; rockfish £2.00-£3.00; reds £1.80-£2.20, saithe £2.90-3.20.

COTTON, Liverpool—Spot and shipment sales amounted to 21 tonnes. Lack of enterprise kept offtake narrow. Occasional reports were to hand of business in North and South American qualities, F. W. Tattersall reports.

COPRA, Philippines (a tonne)—Jan.-Feb. £390 resellers a tonne cif North European ports.

## SOYABEAN MEAL

[illegible]

## JUTE

[illegible]

# Aluminium stocks lower

THE International Primary Aluminium Institute said its members reported primary aluminium stocks fell to 2,284,000 tonnes at end October, 1976, compared with 3,295,000 tonnes at the end of October last year.

Total aluminium stocks, comprising all forms of primary and secondary ingot, including finished mill products and scrap, were 4,026,000 tonnes at the end of October, against 4,871,000 tonnes a year earlier.

## PRICE CHANGES

Prices per ton unless otherwise stated.

| | Dec. 13 1976 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium (x) | £579 | ...... | £579 |
| Free Market (cis) | $875-895 | ...... | $808-820 |
| Copper | | | |
| Cash Wire Bars (x) | £759.25 | -3.25 | £785.5 |
| 3 months do. do. (x) | £791.75 | -3.0 | £825.75 |
| Cash Cathode (x) | £747 | -3.25 | £774 |
| 3 months do. do. (x) | £779.25 | -2.75 | £808.5 |
| Gold ...Troy oz. | $136.125 | -3.0 | $135.75 |
| Lead Cash (x) | £268.5 | -1.5 | £279.5 |
| 3 months (x) | £283.25 | -0.5 | £293.5 |
| Nickel (x) | £3,286 | ...... | £3,361 |
| Free Market (cif)(lb) | $1.9-2.05 | ...... | $1.95-2.1 |
| Platinum(b) troy oz. | £105-109.5 | ...... | 105-109.5 |
| Free Market | £93.15 | ...... | £94.3 |
| Quicksilver (76lb)(x) | $102-108 | -5.0 | $100-107 |
| Silver Troy oz. | 258.15 | -3.15 | 265.8p |
| 3 months | 258.35 | -3.25 | 276.5 |
| Tin Cash (x) § | £4,940 | -52.5 | £4,954.5 |
| 3 months (x) | £5,090.5 | -51.0 | £5,108.5 |
| Wolfram 22.04 lb. cif | $143-148 | ...... | £86-89 |
| Zinc-Cash (x) § | £392 | +2.25 | £365.25 |
| 3 months (x) | £408.375 | +5.125 | £382.75 |
| Producers (v) | $795 | ...... | $795 |
| **Oils** | | | |
| Coconut Malayan | ‡ | ...... | ‡ |
| Groundnut | | | |
| % | £532 | ...... | £551 |
| Linseed Crude (x) | £450 | ...... | £450 |
| Palm Malayan (v) | $457r | — | $450 |
| Soyabean (x) | ‡ | ...... | ‡ |
| **Seeds** | | | |
| Copra Philip (x) | $390j | +2.5 | $350 |
| Gr'nuts Nigerian | ‡ | ...... | ‡ |
| Linseed Can. No. 1 | £195q | -4.5 | £210 |
| **Grains** | | | |
| Barley EEC | £82 | ...... | £78 |
| Home Futures | £80.45 | +0.05 | £78 |
| Maize | | | |
| French No. 3 Am. | £80.5 | ...... | £79.5 |
| S.A. Yellow | ‡ | ...... | ‡ |
| Wheat | | | |
| No. 1 Red Spring | ‡ | ...... | ‡ |
| No. 2 Hard Winter | ‡ | ...... | £79.7 |
| Australian f.a.q. | ‡ | ...... | ‡ |
| English Milling (x) | £86.5 | ...... | £85.5 |
| Cocoa Shipment (x) | £1,985 | -92.0 | £2,140 |
| *Futures March* | £1,868 | -100 | £2,025.5 |
| Coffee shipment (c) | ‡ | | |
| Futures Mar. (x) | £2,536.5 | +60 | £2,312.5 |
| Cotton 'A' Index | | | |
| cent | 85.3 | -0.3 | 86.55 |
| Jute LJABWC (d) | $384k | ...... | $385 |
| Rubber kilo | 52p | ...... | 63.5p |
| Sisal EA3L (x) | $600 | ...... | $600 |
| Sugar (Raw) | £120 | +4.0 | £120 |
| Wooltops 64s ...kilo | 306p | +2.0 | 312p |
| Cloves (Madagascar) | $4,100k | ...... | $5,225 |
| Pepper White ...ton | £1,400 | ...... | £1,480 |
| Black ...ton | £1,25 | ...... | £1,220 |

*Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. *a* Seler's quotation. *b* U.K. and Commonwealth refined. *c* Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. *d* Bangladesh white "C." *h* Jan.-Feb. *i* Jan.-March. *j* Jan. *k* Dec.-Jan. *q* April-May. *r* Feb.-March. *x* Metric tons.

## FINANCIAL TIMES

| Dec. 10 | Dec. 9 | Month ago | Year ago |
|---|---|---|---|
| 245.87 | 246.04 | 249.40 | 171.20 |

(Base: July 1, 1952=100)

## REUTER'S

| Dec. 13 | Dec. 10 | Month ago | Year ago |
|---|---|---|---|
| 1543.4 | 1541.4 | 1586.9 | 1160.5 |

(Base: September 18, 1931=100)

## DOW JONES

| Dow Jones | Dec. 10 | Dec. 9 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 361.60 | 362.82 | 358.84 | 293.51 |
| Futures | 363.66 | 364.56 | 358.22 | 380.87 |

(Average 1924-25-26=100)

## MOODY'S

| Moody's | Dec. 10 | Dec. 9 | Month ago | Year ago |
|---|---|---|---|---|
| Sple Commty | 848.4 | 845.5 | 821.3 | 744.5 |

(December 31, 1931=100)

LONDON PALM OIL—Prices eased slightly in very quiet trading conditions. Physical market completely featureless and untraded, Faure Fairclough reports. Close: Dec. 280-280, Feb. 283-264, April 288-284, June 288½-287½, Aug. 290-268, Oct. 291-267, Dec. 291-285. Sales: 2 lots.

# Sperm whale catch quotas redistributed

TOKYO, Dec. 13.

JAPAN and the Soviet Union have set new sperm whale catch quotas for 1976-77 in the Southern Hemisphere because South Africa relinquished its quota, the fishery agency said here, reports AP-Dow Jones.

The quotas were set after South Africa announced the suspension of whaling next year. The International Whaling Commission agreed to share South Africa's 597 whale quota among Japan, the Soviet Union, *Australia and Brazil.*

Quotas for other whales in the Southern Hemisphere are unchanged. Japan will catch 1,237 sei whales and 3,950 minke whales while the Soviet Union will catch 621 sei whales and 3,950 minke whales.

# Sudan lifts ban on meat exports

By Our Own Correspondent

KHARTOUM, Dec. 13.

SUDAN'S COUNCIL of Ministers has lifted the ban on the export of meat and livestock imposed in 1975 when domestic shortages and high prices caused public complaint.

The lifting of the ban came with the passing of a new Act that will set up a meat and livestock marketing Board to regulate exports of the commodities through a licensing procedure to be introduced.

The new Act stipulates that meat and livestock exports must be paid for in "hard" currency rather than on a barter as was the common practice before the ban was imposed.

Sudan's meat and livestock customers in the past have been mainly in the Middle East including the United Arab Emirates, Saudi Arabia, Syria, Libya and Egypt.

# SOYABEAN MEAL FUTURES CHANGES

The Grain and Feed Trade Association said agreement has been reached to lower rent and insurance charges at the London soyabean meal futures market. Delivery points are in Hamburg, Rotterdam and Amsterdam.

"In and out" charges, which are fixed, will be subject to negotiation between the contractor putting the goods in store and the storekeeper.

At the same time, the Association said, following a request by its management committee, Anglia Agricultural Merchants, Gobowen Transport and H. Burroughes and Son have resigned as U.K. storekeepers.

This leaves U.K. storage points at Lowestoft, Wells next-the-sea, Bulphan, Essex, and Liverpool.

The Association said its management committee is seriously considering moves to introduce a "B" contract accommodating meal with a higher moisture or fibre content.

# STOCK EXCHANGE REPORT

# Gilts and equities start Christmas Account well

## Share index up 3.6 at 333.7—Gold shares easier

Account Dealing Dates
Option

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov. 29 | Dec. 9 | Dec. 10 | Dec. 21 |
| Dec. 13 | Dec. 30 | Dec. 31 | Jan. 12 |
| Jan. 4 | Jan. 13 | Jan. 14 | Jan. 25 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets remained in good heart as the new Account, which takes in the Christmas holiday, started yesterday. Of the two main sectors British Funds and Equities, the former were outstanding after a good demand for the short tap stock and the new long tap which made its debut yesterday. Sentiment was helped by firmness in sterling ahead of Wednesday's mini-budget and by hopes of a reduction in Minimum Lending Rate next Friday. Gains ranged to ⅝ and the Government Securities index rose 0.25 to 59.01.

Leading equities pushed ahead further with the aid of selected institutional demand. By mid-day, however, interest began to fade and prices drifted back to close well below the best. Up 7.2 at its highest of the day at noon, the FT 30-share index came back to close 3.6 higher on balance at 333.7. The turnround was prompted by a little nervous profit-taking in front of to-day's trade figures for November and the lack of any resumption of buying demand from the U.S. Nevertheless, the undertone at the end was fully firm.

### Heavy buying of Gilts

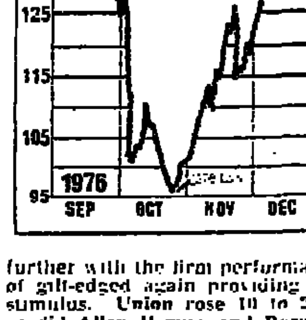
Gains were fairly numerous in secondary issues and week-end Press comment met with a ready response in most cases. Rises led falls by nearly 6 to 1 in FT-quoted Industrials, while the overall improvement was well illustrated by the 2.6 per cent rise to 143.47 in the FT-Actuaries All-Share index. Official markings of 5,514 were the highest for a month.

British Funds made an impressive opening to the new Account with the new long tap, Treasury 13¾ per cent. 1998, A, giving some measure of the day's sizeable demand by establishing ½ premium over the issue price of 99 in first-time dealings: the Government broker after being soon established at 99½ withdrew this price for supplies of the stock and was assumed to be next operative at 99¾. Meanwhile, sustained buying of the short tap, Exchequer 13 per cent., 1980, saw the GB cease supplying stock at 96½, while a fresh inflow of investment funds exhausted his supplies of the special Treasury 3 per cent., 1982, issue. Hopes were high for a reduction in Minimum Lending Rate on Friday and buyers were obviously anticipating more favourable trade figures to-day together with Budget proposals to-morrow possibly sterner than thought likely only a week ago.

Speculation that the Geneva peace talks would probably be adjourned brought intial losses of 3 to 4 points to Southern Rhodesian bonds but on the appearance of a few buyers the falls were later recovered.

A small institutional demand initially supported the investment currency premium, but rates later drifted lower and the close was ½ down on the day at 116¾ per cent. Yesterday's SE conversion factor was 0.7152 (0.7192). News of the further capital repayment proposal lifted Paraguay Central Railway 6 per cent. Prior Lien Debenture 2 points to £10½: the stock will quoted ex the repayment this morning.

Last Friday's special deposits deferment move gave the big four Banks early impetus and led to double-figure gains in active trading although a late reaction left prices 3 off the best: Lloyds, 129p, and Midland, 242p, both ended with rises of 12, while Barclays closed 7 to the good at 252p, as did National Westminster, at 207p. Bank of Scotland put on 10 to 220p and Bank of Ireland added 15 to 245p. Discounts took last Friday's improvement a useful stage further with the firm performance of gilt-edged again providing the stimulus. Union rose 10 to 290p as did Allen Harvey and Ross, to 360p. Kleinwort Benson were a firm spot in Merchant Banks at 72p, up 8, and Hambros ended 5 better at 125p. Provident Financial rose 5 to 32p in Hire Purchases.




In Insurances, good results helped Brentnall Beard advance 4 to a 1976 peak of 46p while Sun Alliance gained 15 to 545p.

Business was brisk in the Drinks sector ahead of the forthcoming mini-Budget. Press comment ahead of this week's interim announcements helped H. P. Bulmer close 4 higher at 90p and Distillers a penny dearer at 117p, after 119p. In thin markets, Morland rose 7½ to 265p xd and Vaux 8 to 225p. Arthur Guinness held steady at 114p in front of to-day's preliminary results. Allied, however, after last week's gain of 6½, cheapened a penny to 56p.

In Buildings, Taylor Woodrow improved 8 to 224p following Press comment, while Montague L. Meyer edged up 2 to 46p in front of to-day's interim report. R. Costain rose 7 to 120p, while Vibroplant, 94p, and Leyland Paint, 27p, put on 4 and 3 respectively.

ICI's performance typified market conditions, the shares rising to 320p before reacting late in the day to close 3 better on balance at 314p. Elsewhere in Chemicals, Yorkshire advanced 8 to 94p and gains of 5 were seen in Laporte, 80p, and Albright and Wilson, 83p.

Anglia "A" featured Television issues, improving 8 to 87p, while other firm spots included Associated "A", 62p, and Grampian "A", 19p xd, which both closed around 3 better.

### Decca good

Decca issues featured Electricals, the Ordinary and A both closing 16 to the good at 242p and 238p respectively, following a reasonable turnover. Pye Holdings were prominent with a jump of 8 to 43p following news of the proposed reconstruction of the company's activities. Thorn Electrical A gained 6 to 176p and Philips' Lamp rose 7 to 875p on the increased interim dividend, but General Electric finished 4 cheaper at 165p, after 170p, following recent strength on the interim report and the forthcoming capital reorganisation.

Stores made modest headway in the wake of reports of hectic pre-Christmas spending. Gussies A rose 8 to 168p for a two-day gain of 11, while rises of 4 were seen in British Home Stores, 136p, and Marks and Spencer, 94p. Higher preliminary figures lifted Martin The Newsagent 4 to 98p. Similar advances were seen in J. Menzies, 93p, and W. H. Smith A, 296p, while Mothercare were raised 7 to 196p. Mail Orders shrugged aside the prospect of a further increase in postal charges and closed on a firm note. Empire Stores stood out with a rise of 5 to 72p. In Shoes, K finished a penny off at 26p following the disclosure of reduced earnings.

Allround strength in Engineerings was reflected in gains extending to 10 in GKN, at 268p, while Hawker rose 6 to 418p and Staveley Industries 8 to 158p, the last-named following the impressive preliminary results. Newspaper comment was a factor in Spear and Jackson, 6 higher at 100p, Edbro Holdings, 7 up at 104p, and Duport, which put on 4 to 53p. Butterfield Harvey moved up 6 to 31p following news that Sime Darby had a stake of nearly 20 per cent. News of the first-half recovery strengthened G. M. Firth (Metals), 2½ better at 37½p, but George Whitehouse eased ½ to 10½p on the dividend omission and loss. Ductile Steels continued to gain ground, closing 5 dearer at 97p, while Serck, awaiting to-day's annual figures, improved 2½ to 43p.

Foods made fresh headway with Cavenham closing 4 better at 91p and Tate and Lyle 6 up at 258p. Unigate, with interim results due on Thursday, hardened 2½ to 42½p following news of the coming increase in the price of milk with Associated Dairies improving 4 to 180p. J. Lyons hardened 2 to 46p xd following Press comment, while FMC also closed were the same amount up at 33p in front of to-day's interim report. Goldrei Foucard, 27p, J. B. Eastwood, 53p, and Associated Biscuit, 62p, all finished 3 higher.

Apart from Ladbroke which, at 91p, gave up 4 of Friday's bid-inspired rise of 11, Hotels and Caterers made fresh progress. Epicure made belated response to Press comment with a rise of 6½ to a 1976 peak of 39½p, while rises of around 3 were seen in De Vere, 81p, and Trust Houses Forte, 99p.

### Unilever supported

The Miscellaneous Industrial majors opened the Christmas accounts in fine style yesterday when hopes of a stringent mini-budget to-morrow attracted a fair amount of support, some of which was institutional. Prices wavered in the later stages as a little apprehension crept in ahead of to-day's trade figures. Unilever were prominent, rising 8 to 412p, after 416p, while Beecham were also favoured at 372p, up 2, after 378p. Reckitt and Colman rose 9 to 320p and Reed International added 7 to 182p. Elsewhere, Press comment helped International Computers gain 10½ to 135p xd and Black and Edgington hardened 4 to 129p for a similar reason. Up 29 last week on the Belgian Government's proposal to raise rents and dividends by 8½ per cent. next year, I.C. Gas continued firmly, risiong 8 to 314p in front of to-day's interim results. Higher half-year earnings left Vinten 3 higher at 34p, while Lindustries put on the same amount to 59p ahead of to-morrow's interim figures. Hanson Trust were popular again at 110p xd, up 7, while similar improvements were recorded in Letraset, 72p, and the Far Eastern concern Jardine Matheson, 310p. Sutcliffe Speakman lost 2 to 30p on the lower first-half profits.

Motors and Distributors closed below the best following a reasonable business. Zenith Carburretter A stood out with a rise of 7 to 44p, while Jonas Woodhead, still reflecting the interim statement, moved up another 5 to 95p. Dowty hardened 3 to 88p. British Car Auction were quoted ex the scrip issue at 27p.

North Sea oil enthusiasm was apparent in Thomson, up 7 at a fresh peak for the year of 373p. Associated Newspapers, 3 better at 107p, and Daily Mail A, which gained 6 to 188p, while investment recommendations engendered interest in United Newspapers, 4 dearer at 170p, and News International, 2 harder at 104p. The forecast of substantially higher profits helped Wilson Bros. improve ½ to 18½p despite the halfway setback. Elsewhere, the interim dividend omission and first-half loss took 2 off Jacksons Bourne End, at 41p.

### BP slip back

Increasing Press speculation about the various ways the Government could dispose of part of its British Petroleum holding made little real impression on the share price which, after holding steady initially, drifted back to close 12 down at 746p. Burmah also started well, influenced by the possibility of aid for General Dynamics, but ended the turn easier at 40p, after 43p. Similarly, Shell shed an early gain of 6 when reverting to Friday's closing level of 428p and Tricentrol reacted from 89p after the nine months' figures and dividend statement to finish a net 2 lower at 84p. Berry Wiggins moved up 1 more to 27p despite the boardroom tussle and Premier were 1 harder at 7p following the interim results.

Hopes of lower interest rates in the near future failed to stimulate any major business in Properties although the underlying trend was firm. Land Securities, like most other stocks, closed higher at 130p, up 3, but below the best of 133p, while MEPC, awaiting Thursday's preliminary results, were finally unaltered at 48p, after 50p. Hammerson A, in a thin market, rose 13 to 295p, while Chesterfield gained 6 to 136p and Great Portland 4 to 206p. Comment highlighting the company's success in the Middle East took Bernard Sunley up 2 to 96p.

Overseas Traders had their fair share of firm spots. Harrisons and Crosfield improved 13 to 337p, while Sime Darby rose 4 to 112p. Booker McConnell moved up 5 to 114p.

Investment Trusts met with an increased turnover and closed firm. CSC Investment were tested for the first time for nearly a month and ended 9 to the good at 49p while improvements of 6 and 7 respectively were recorded in Border and Southern, 190p, and Triplevest Capital, 85p.

After a busy morning session in Shippings, business tailed off but the tone held firm to the close. Walter Runciman put on 5 to 110p, while British and Commonwealth 4 to 202p as did Furness Withy, to 184p. Following last week's two-day jump of 21, Stag Line put on 3 to 116p xd.

With the exception of David Dixon, which lost 4 to 24p in a thin market, Textiles displayed a firm bias. Week-end Press mention drew buyers' attention to Yorkshire Fine Woollen Spinners, 3 higher at 25p, and Dawson International Ordinary and "A," both 2 better at 49p.

South African Industrials had an easier bias, Anglo-Transvaal losing 5 to 87p and Anglo-American declining 40 to 430p.

Rubbers displayed no set trend after a small turnover. The three companies involved in the big merger all gave ground following publication of the formal offer documents. Golden Hope cheapened 2 to 78p, while London Asiatic and ... about 2 to ... 55p. Guthrie ... 163p.

### Golds do...

South Afric... ground for t... trading day... losses followi... the bullion p... the further d... in the arbitra...

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The further ... tion of the d... reports of a... victory in T... overnight Aust... caused prices h... BH South dr... after the four-... rights issue ne...

## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon. Dec. 13, 1976 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (Net) (Corp. Tax 52%) | Est. P/E Ratio (nil) | Fri. Dec. 10 Index No. | Thurs. Dec. 9 Index No. | Wed. Dec. 8 Index No. | Tues. Dec. 7 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CAPITAL GOODS (178) | 124.71 | +2.4 | 22.61 | 7.69 | 6.59 | 6.54 | 121.81 | 120.71 | 118.26 | 117.24 | 136.70 | 160.06 | 100.85 | 206.47 | 50.71 |
| Building Materials (30) | 100.03 | +2.3 | 24.60 | 9.79 | 6.12 | 6.13 | 97.75 | 97.86 | 97.56 | 96.77 | 131.93 | 150.18 | 85.55 | 255.84 | 44.27 |
| Contracting, Construction (22) | 151.37 | +2.5 | 29.48 | 7.20 | 5.25 | 5.23 | 147.66 | 149.99 | 148.24 | 145.68 | 238.75 | 260.20 | 132.08 | 389.33 | 71.48 |
| Electricals (16) | 257.73 | +1.4 | 19.01 | 5.60 | 7.84 | 7.65 | 254.05 | 246.22 | 251.68 | 230.32 | 258.69 | 287.30 | 190.54 | 350.04 | 84.71 |
| Engineering (Heavy) (13) | 159.30 | +4.5 | 30.34 | 8.24 | 4.80 | 4.73 | 152.42 | 151.55 | 151.60 | 149.66 | 158.19 | 193.18 | 123.56 | 202.57 | 64.39 |
| Engineering (General) (66) | 116.05 | +3.2 | 22.56 | 8.05 | 6.56 | 6.55 | 112.50 | 111.94 | 111.36 | 110.27 | 119.48 | 149.29 | 95.20 | 168.59 | 45.45 |
| Machine and Other Tools (9) | 53.43 | +1.4 | 18.51 | 8.32 | 8.06 | 8.05 | 52.70 | 52.40 | 52.63 | 52.47 | 49.53 | 60.62 | 45.29 | 136.70 | 19.96 |
| Miscellaneous (22) | 103.93 | +1.4 | 21.58 | 8.82 | 6.78 | 6.71 | 102.52 | 102.85 | 102.02 | 101.05 | 117.76 | 141.94 | 90.33 | 177.41 | 49.65 |
| CONSUMER GOODS (DURABLE) (53) | 107.57 | +3.5 | 25.13 | 6.66 | 6.48 | 6.47 | 103.91 | 105.36 | 105.28 | 100.82 | 113.42 | 141.46 | 83.12 | 227.78 | 38.39 |
| Lt. Electronics, Radio TV (15) | 117.82 | +4.5 | 21.52 | 5.00 | 6.92 | 6.91 | 112.95 | 111.66 | 111.48 | 107.88 | 127.41 | 160.35 | 87.51 | 257.41 | 42.85 |
| Household Goods (13) | 114.88 | +0.4 | 26.61 | 10.46 | 5.72 | 5.70 | 114.37 | 115.85 | 114.20 | 113.31 | 161.25 | 187.22 | 104.30 | 263.22 | 63.92 |
| Motors and Distributors (25) | 72.21 | +3.3 | 24.37 | 7.88 | 6.16 | 6.16 | 69.90 | 69.74 | 70.04 | 68.83 | 66.36 | 85.16 | 56.10 | 170.59 | 19.91 |
| CONSUMER GOODS (NON-DURABLE) (170) | 129.09 | +3.2 | 17.89 | 7.62 | 8.46 | 8.37 | 125.05 | 125.61 | 124.64 | 122.34 | 144.78 | 162.24 | 104.41 | 226.08 | 61.41 |
| Breweries (15) | 135.83 | +2.1 | 17.56 | 8.58 | 8.53 | 8.53 | 133.01 | 134.84 | 135.49 | 132.69 | 159.60 | 179.43 | 111.17 | 281.87 | 69.47 |
| Wines and Spirits (6) | 153.23 | +3.4 | 15.71 | 7.40 | 9.77 | 9.77 | 148.25 | 148.51 | 148.10 | 145.31 | 157.23 | 190.67 | 124.71 | 257.40 | 78.88 |
| Entertainment, Catering (15) | 162.76 | +3.8 | 16.58 | 8.26 | 9.20 | 9.12 | 156.78 | 156.23 | 155.84 | 154.40 | 183.85 | 211.26 | 127.11 | 329.99 | 54.83 |
| Food Manufacturing (23) | 142.48 | +3.1 | 20.63 | 6.59 | 7.31 | 7.19 | 138.25 | 139.50 | 138.97 | 136.45 | 157.44 | 179.44 | 120.54 | 311.65 | 59.67 |
| Food Retailing (16) | 122.62 | +3.8 | 15.97 | 6.47 | 9.19 | 9.19 | 118.09 | 119.61 | 116.68 | 115.33 | 142.99 | 150.06 | 92.79 | 235.08 | 54.35 |
| Newspapers, Publishing (16) | 188.51 | +2.9 | 14.01 | 5.69 | 10.82 | 10.82 | 183.22 | 182.02 | 182.36 | 181.35 | 159.05 | 188.51 | 148.46 | 260.29 | 55.08 |
| Packaging and Paper (12) | 85.05 | +2.1 | 21.01 | 9.48 | 7.30 | 7.30 | 83.30 | 82.75 | 82.69 | 81.69 | 100.03 | 112.50 | 72.54 | 155.69 | 43.46 |
| Stores (34) | 104.09 | +3.9 | 15.01 | 6.91 | 10.26 | 10.23 | 100.16 | 100.85 | 98.12 | 96.05 | 119.70 | 136.24 | 78.47 | 204.59 | 52.63 |
| Textiles (24) | 111.60 | +2.7 | 18.26 | 10.63 | 8.60 | 7.81 | 108.63 | 108.97 | 107.66 | 105.03 | 156.63 | 183.24 | 96.76 | 235.72 | 62.66 |
| Tobaccos (3) | 204.64 | +3.0 | 21.41 | 8.45 | 6.95 | 6.95 | 198.63 | 197.54 | 200.02 | 195.56 | 207.98 | 241.98 | 167.56 | 339.16 | 94.34 |
| Toys and Games (6) | 72.25 | +2.6 | 22.92 | 8.78 | 5.85 | 5.83 | 70.45 | 70.42 | 69.24 | 68.72 | 61.39 | 80.95 | 59.13 | 135.72 | 20.92 |
| OTHER GROUPS (95) | | | | | | | | | | | | | | | |
| Chemicals (20) | 195.60 | +3.7 | 16.56 | 5.90 | 8.22 | 8.22 | 188.63 | 187.19 | 187.00 | 185.16 | 193.09 | 231.38 | 155.10 | 231.38 | 71.20 |
| Office Equipment (9) | 67.59 | +2.8 | 17.87 | 7.81 | 8.17 | 8.17 | 65.72 | 64.90 | 64.87 | 63.96 | 85.64 | 100.18 | 58.35 | 246.06 | 45.34 |
| Shipping (12) | 376.62 | +3.0 | 14.36 | 7.05 | 9.98 | 9.09 | 365.53 | 361.67 | 357.93 | 353.07 | 361.27 | 432.64 | 308.48 | 517.00 | 90.80 |
| Miscellaneous (48) | 133.86 | +4.0 | 18.55 | 8.81 | 8.04 | 8.03 | 128.72 | 129.11 | 127.79 | 125.88 | 148.33 | 172.98 | 108.14 | 256.83 | 60.39 |
| INDUSTRIAL GROUP (496) | 133.21 | +3.2 | 19.03 | 7.39 | 7.77 | 7.71 | 129.11 | 128.87 | 127.68 | 125.58 | 144.99 | 168.38 | 107.32 | 220.17 | 59.01 |
| OILS (4) | 400.65 | −0.6 | 10.63 | 4.57 | 10.90 | 10.03 | 403.97 | 400.57 | 405.12 | 402.83 | 318.10 | 406.19 | 315.67 | 431.66 | 87.23 |
| 500 SHARE INDEX | 154.55 | +2.4 | 17.42 | 6.81 | 8.22 | 8.06 | 150.95 | 150.47 | 149.70 | 147.56 | 159.43 | 183.00 | 125.80 | 227.98 | 63.49 |
| FINANCIAL GROUP (100) | 109.73 | +3.6 | — | 7.19 | — | — | 105.95 | 105.65 | 105.31 | 104.44 | 130.07 | 153.46 | 87.19 | 241.41 | 55.88 |
| Banks (6) | 135.25 | +4.3 | 24.98 | 6.84 | 6.16 | 6.16 | 129.63 | 127.50 | 128.22 | 128.52 | 160.09 | 192.16 | 111.53 | 288.32 | 62.44 |
| Discount Houses (10) | 149.97 | +6.5 | | 9.29 | — | | 140.88 | 140.77 | 141.36 | 136.27 | 162.90 | 186.52 | 97.72 | 293.15 | 81.40 |
| Hire Purchase (5) | 74.54 | +5.6 | 9.85 | 9.08 | 22.45 | 22.45 | 70.59 | 71.52 | 68.26 | 67.34 | 99.89 | 132.10 | 53.25 | 433.74 | 38.83 |
| Insurance (Life) (10) | 90.64 | +2.4 | — | 8.35 | | — | 88.48 | 89.12 | 88.24 | 86.76 | 113.86 | 129.46 | 73.11 | 194.46 | 44.88 |
| Insurance (Composite) (7) | 85.72 | +3.2 | — | 8.62 | | — | 83.05 | 82.91 | 82.78 | 81.16 | 105.22 | 119.75 | 68.99 | 155.76 | 43.96 |
| Insurance Brokers (9) | 232.91 | +2.6 | 12.90 | 5.98 | 11.60 | 11.60 | 226.93 | 226.88 | 224.33 | 221.70 | 214.68 | 276.90 | 178.27 | 276.90 | 65.86 |
| Merchant Banks (15) | 52.35 | +4.5 | — | 8.02 | — | — | 50.10 | 50.21 | 49.98 | 49.92 | 83.86 | 93.83 | 45.15 | 278.57 | 61.21 |
| Property (32) | 135.86 | +2.9 | 4.72 | 4.08 | 37.71 | 35.67 | 131.99 | 132.35 | 132.02 | 131.94 | 153.09 | 194.57 | 95.95 | 357.40 | 56.01 |
| Miscellaneous (8) | 69.49 | +7.4 | 19.34 | 12.41 | 7.87 | 7.87 | 64.73 | 64.75 | 64.17 | 64.12 | 77.48 | 91.98 | 55.37 | 303.18 | 33.29 |
| Investment Trusts (50) | 143.69 | +2.1 | 3.74 | 5.59 | 27.57 | 27.57 | 140.70 | 142.04 | 140.55 | 139.70 | 145.87 | 184.55 | 115.39 | 245.79 | 71.63 |
| ALL-SHARE INDEX (650) | 143.47 | +2.6 | — | 6.78 | | — | 139.88 | 139.52 | 138.83 | 137.04 | 152.55 | 172.64 | 116.29 | 248.18 | 61.92 |
| COMMODITY GROUPS (not included in 500 or All-share index) | | | | | | | | | | | | | | | |
| [illegible] (9) | 493.78 | −1.0 | 8.57 | 5.82 | 15.98 | 14.57 | 498.90 | 491.96 | 493.90 | 494.68 | 375.83 | 523.40 | 404.67 | 556.57 | 84.68 |
| [illegible] | 150.65 | +1.0 | 32.23 | 9.40 | 4.08 | 3.93 | 132.20 | 131.66 | 132.00 | 132.61 | 115.05 | 142.45 | 117.89 | 142.45 | 88.72 |
| [illegible] (5) | 145.16 | −3.8 | 48.25 | 7.82 | 2.21 | 2.21 | 148.81 | 152.30 | 153.71 | 156.70 | 255.14 | 301.47 | 143.16 | 567.78 | 94.08 |
| Mining Finance (4) | 83.87 | +0.4 | 11.13 | 5.76 | 9.86 | 9.78 | 83.50 | 84.41 | 82.27 | 81.83 | 109.95 | 119.77 | 77.35 | 175.90 | 66.51 |
| Tin (5) | 118.95 | +0.1 | 11.89 | 4.34 | 12.94 | 12.77 | 119.04 | 119.19 | 116.38 | 116.98 | 88.74 | 126.36 | 86.09 | 126.36 | 54.83 |
| Overseas Traders (17) | 208.38 | +2.1 | 17.62 | 6.57 | 7.78 | 7.78 | 204.18 | 204.51 | 201.81 | 200.21 | 215.93 | 254.47 | 178.31 | 254.47 | 97.37 |

FIXED INTEREST

| | Monday Dec. 13 Index | Yield | Friday Dec. 10 | Thurs. Dec. 9 | Wed. Dec. 8 | Tuesday Dec. 7 | Monday Dec. 6 | Friday Dec. 3 | Thurs. Dec. 2 | Year ago | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | 14.79 | 14.88 | 14.99 | 14.96 | 14.98 | 14.97 | 15.07 | 15.06 | 14.91 | | | | |
| 20-yr. Red. Deb. & Loans (15) | 45.03 | 14.86 | 44.70 | 44.55 | 44.44 | 44.55 | 44.97 | 44.21 | 44.36 | 45.86 | 53.35 | 42.51 | 115.42 | 43.27 |
| Investment Trust Prefs. (15) | 43.38 | 15.19 | 45.35 | 45.23 | 45.27 | 45.03 | 45.02 | 44.50 | 44.42 | 46.50 | 56.62 | 45.03 | 115.43 | 37.01 |
| Coml. and Indl. Prefs. (20) | 61.36 | 14.71 | 61.07 | 60.99 | 60.85 | 60.76 | 60.68 | 60.84 | 60.62 | 63.15 | 71.57 | 54.89 | 114.86 | 47.57 |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| [illegible] | | | Food Retailing | 29/12/67 | 114.13 |
| | | | Insurance Brokers | 29/12/67 | 96.67 |
| | | | Mining Finance | 29/12/67 | 100.00 |
| | | | All Other | 10.4.62 | 100.00 |

A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 20p. A record of the indices, cost 25p, is obtainable from FT Business Enterprises, 10 Bolt Court, London, EC4. It gives all groups and sub-section indices at fortnightly intervals since the start of the series, together with quarterly highs and lows. Dividend and earnings figures are also included.

* Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited, a member of the Exchange Telegraph Group, on an IBM 370 computer.

### FINANCIAL TIMES STOCK INDICES

| | Dec. 13 | Dec. 10 | Dec. 9 | Dec. 8 |
|---|---|---|---|---|
| Government Secs. | 59.01 | 58.73 | 58.56 | 58.51 |
| Fixed Interest | 59.42 | 60.01 | 58.18 | 58.19 |
| Industrial Ordinary | 333.7 | 330.1 | 319.4 | 325.0 |
| Gold Mines | 122.6 | 127.4 | 135.3 | 136.1 |
| Ord. Div. Yield | 6.54 | 6.62 | 6.83 | 6.72 |
| Earnings Y'ld % (full) | 20.53 | 20.79 | 21.46 | 21.05 |
| P/E Ratio (net) (*) | 7.12 | 7.04 | 6.82 | 6.95 |
| Dealings marked | 5,514 | 4,800 | 4,939 | 4,877 |
| Equity turnover £m. | — | 65.61 | 68.26 | 65.36 |
| Equity bargains total | — | 12,120 | 13,679 | 12,541 |

10 a.m. 333.3. 11 a.m. 334.8. Noon 337.2. 1 p.m. ... 2 p.m. 337.3. 3 p.m. 334.8.

Latest index 01-246 8026.

* Based on 52 per cent. corporation tax.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

### HIGHS AND LOWS | S.E. ...

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 66.31 (30/1) | 55.88 (27/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 64.43 (2/2) | 56.37 (28/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 (2/1) | 265.3 (27/10) | 549.2 (14/11/72) | 49.4 (26/6/40) |
| Gold Mines | 246.9 (21/1) | 78.8 (25/8) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 22 | 314 | + 3 | 402 | 256 |
| BATs Defd. | 25p | 14 | 223 | + 3 | 225 | 153 |
| Beecham | 25p | 12 | 372 | + 2 | 390 | 289 |
| Marks & Spencer | 25p | 11 | 94 | + 4 | 108 | 70 |
| Shell Transport | 25p | 11 | 428 | — | 482 | 352 |
| Bowater | £1 | 10 | 170 | + 4 | 230 | 122 |
| GEC | 25p | 10 | 165 | − 4 | 169 | 112 |
| GKN | £1 | 10 | 268 | +10 | 360 | 203 |
| Natl. Westminster | £1 | 10 | 207 | + 7 | 272 | 168 |
| BP | £1 | 9 | 746 | −12 | 780 | 557 |
| Distillers | 50p | 9 | 117 | + 1 | 158 | 95¼ |
| GUS A | 25p | 9 | 168 | + 8 | 224 | 123 |
| Ladbroke | 10p | 9 | 91 | − 4 | 116 | 66 |
| Midland Bank | £1 | 9 | 242 | +12 | 320 | 200 |
| Glaxo | 50p | 8 | 395 | — | 422 | 280 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e)*

## Option Report—3-month Call rates

OPTION DEALING DATES

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Dec. 7 | Dec. 20 | Mar. 10 | Mar. 22 |
| Dec. 21 | Jan. 11 | Mar. 24 | Apr. 5 |
| Jan. 12 | Jan. 24 | Apr. 6 | Apr. 20 |

Calls were dealt in Charterhall Finance, Berry Wiggins, Burmah Oil, ICI, Guest Keen, Foseco Minsep, Gussies A, Shell Transport, British Rollmakers and Lonrho. A put was done in Oil Exploration, while doubles were arranged in Guest Keen, Burmah Oil, ICI and Marks and Spencer. Short-dated calls were dealt in ICI and Shell Transport.

| Industrials | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | E.M.I. | 17 | Marks&Sp'ncer | 6 | Brit. Land | 3½ |
| | | Fitch Lovell | 6 | Midland Bank | 22 | Cap. Counties | 3 |
| A. Brew | 5½ | Gen. Accident | 12 | Nat'West Bank | 20 | E.P. | 5 |
| A. P. Cement | 15 | Gen. Electric | 13 | "Do" Warrants | 7½ | Intereuropean | 7 |
| Assoc. Leisure | 3 | Glaxo | 36 | P & O Dfd | 11 | Land Securities | 14 |
| BSR | 9 | Grand Met | 7 | Plessey | 7 | MEPC | 7 |
| Babcock | 8 | G.U.S. 'A' | 16 | R.H.M. | 6 | Peachey | 6 |
| Barclays Bank | 22 | Guardian | 18 | Rank Org 'A' | 18 | Samuel Props | 4½ |
| Berry Wiggins | 5 | G.K.N. | 25 | Reed Int'l | 25 | Town & City | 2½ |
| Beecham | 28 | Hawker Sidd | 35 | Reyrolle | 11 | | |
| Boots | 12 | House of Fraser | 8 | Rothmans | 4 | Oils | |
| Bowater | 16 | I.C.I. | 20 | Slater Walker | 2 | Brit. Petroleum | 40 |
| B.A.T. | 21 | "Imps" | 7 | Spillers | 4 | Burmah Oil | 4½ |
| British Leyland | 5 | I.C.L. | 14 | Tesco | 4 | Shell | 27 |
| Brit | 5½ | Inveresk | 7 | Thorn 'A' | 22 | Ultramar | 14 |
| Brown (J.) | 9 | Legal & General | 12 | Trust Houses | 9 | | |
| Burton 'A' | 6½ | Ladbroke | 11 | Tube Invest. | 7 | Mines | |
| Cadbury | 5 | Lex Service | 3½ | Unilever | 38 | Charter Cons. | 16 |
| Cavenham | 10 | Lloyds Bank | 22 | Utd. Drapery | 8 | Chart'hall Fin. | 4 |
| Courtaulds | 11 | "Lofs" | 4 | Vickers | 15 | Cons Gold | 15 |
| Debenhams | 8 | London Brick | 4½ | Williams Hud'n | 4 | Hampton Areas | 12 |
| Distillers | 13 | Lonrho | 9 | Woolworths | 6 | Rio T. Zinc | 18 |
| Dunlop | 7½ | Lucas Inds | 20 | | | Western M'ng. | 18 |
| Eagle Star | 11 | "Mans" | 7 | Property | | | |

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (26)

BRITISH FUNDS (7)

Exchgr. 13pc 1980 — Treas. 15¼pc 1995
Treas. 3pc 1982 — Treas. 15½pc 1998
Treas. 14pc 1982 — Treas. 15½pc '98 'A'
Treas. 14½pc 1994

CORPORATION LOANS (2)

Bristol 5¾pc 75-77 — Middx. 5¾pc 75-77
Essex 5¾pc 75-77

BANKS (1)

Bank America

CHEMICALS (1)

Allied Colloids

ENGINEERING (2)

Davy International — Spear & Jackson

FOODS (1)

Assoc. Dairies

HOTELS (2)

Epicure — Myddleton Hotels
Kursaal

INDUSTRIALS (2)

Stats. Port. 9pc Conv. — Wadhams

INSURANCE (1)

Brentnall Beard

NEWSPAPERS (1)

Thomson

TRUSTS (1)

Kakuzi

OILS (1)

Tricentrol

MINES (1)

Ayer Hitam

NEW LOWS (8)

BUILDINGS (2)

Jarvis (J.) — Warrington

INDUSTRIALS (1)

Sutcliffe Speakman

SHOES (1)

K Shoes

MINES (2)

Bishopsgate Plat. — Messina
De Beers Dfd.

## RISES AND FALLS

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 58 | 2 | 6 |
| Corpns., Dom. and Foreign Bonds | [illegible] | | |
| Industrials | [illegible] | | |
| Financial and Prop. | [illegible] | | |
| Oils | [illegible] | | |
| Plantation | [illegible] | | |
| Mines | [illegible] | | |
| Recent Issues | [illegible] | | |
| Totals | 1,197 | 194 | 1,363 |

## BASE RA...

Allied Irish ...
American Ex...
Anglo-Portug...
Henry Ansb...
Banco de Bil...
Bank of Cred...
Bank of Cyp...
Bank of N.S...
Banque du l...
Barclays Ba...
Barnett Chri...
Bear Securi...
Bremar Hol...
Brit. Bank o...
Brown Ship...
Canada Perm...
Capitol C & ...
Cayzer, Rows...
Cedar Holdi...
Charterhouse...
C. E. Coates...
Consolidated...
Co-operative...
Corinthian S...
Credit Lyonn...
G. R. Dawes...
Duncan Law...
Eagil Trust...
English Tran...
First London...
First. Nat. Fi...
First Nat. Se...
Goode Durr...
Antony Gibb...
Greyhound G...
Grindlays Ba...
Guinness Mat...
Hambros Ba...
Hill Samuel...
C. Hoare & ...
Julian S. Hod...
Hongkong & ...
Industrial Ba...
Keyser Ullma...
Knowsley & ...
Lloyds Bank...
London & Eu...
London Merc...
Midland Bank...
Samuel Mont...
Morgan Gren...
National We...
Norwich Gen...
P. S. Refson...
Rossminster...
Royal Bk. Can...
Schlesinger L...
E. S. Schwab...
Security Trust...
Shenley Trust...
Standard Cha...
Trade Develop...
Twentieth Ce...
United Bank ...
Whiteaway La...
Williams & Gl...
Yorkshire Ban...

■ Members of the ... Committee.
* 7-day deposits ... 11%.
† 7-day deposits on ... under 11% up to ... over £25,000 ...
‡ Demand deposits ...
Call deposits over ...

CORAL I...
Close 3...

INSURANC...
RAT...
† Property Grov...
Cannon Insur...
Vanbrugh Guar...
Property Bond Ta...

# MONEY MARKET

## Very large assistance

Bank of England Minimum Lending Rate 14¾ per cent. (since November 19, 1976)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave very large assistance. They bought a moderate number of Treasury bills and commercial bills from the discount houses and banks, and lent a moderate amount overnight, at Bank of England Minimum Lending Rate to eight or nine houses. The last time that the authorities gave assistance to the market by buying commercial bills was in March 1973.

Banks carried forward run-down balances, settlement was made of official gilt-edged sales, there was a net market take-up of Treasury bills, an increase in the note circulation ahead of Christmas, and the monthly adjustment for special deposits. On the other hand very small Government disbursements ... weighed revenue payments to the Exchequer.

Discount houses paid around 14¾ per cent. for secured call loans in the early part, with up to 15 per cent. paid in places. Funds were also found at 13½ per cent. during the day, but closing balances were generally taken at 14¼-14½ per cent.

In the inter-bank market overnight loans opened at 14¾-15 per cent. and after touching 15-15½ per cent. at lunch, rose to 15¼-15½ per cent. in the afternoon, before closing at 14-15 per cent.

Short-term fixed period interest rates remained weak, with discount houses buying rates for three-month Treasury bills continuing to indicate a possible cut in Minimum Lending Rate this week.

Rates in the table below are nominal in some cases.

| Dec. 13 1976 | Sterling Certificates of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposit | Company deposits | Discount market deposits | Treasury bills | Eligible Bank Bills | Fine Trade Bills |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 14-15½ | — | — | — | 15 | 13¾-15 | | | |
| 2 days notice | — | | 15 15½ | — | — | | | | | |
| 7 days or 7 days notice | — | 14¾ 15½ | 15-15½ | | 15¼-15½ | 15 | 14½-14¾ | | | |
| One month | 14-14¾ | 14½-15 | 15 | 15⅝-14¾ | 15-15½ | 15½ | 14½-14¾ | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15 per cent.; four years 15 per cent.; five years 15 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¼-14½ per cent.; four-month trade bills 15 per cent. Approximate selling rate for one-month Treasury bills 14 per cent.; two-month 14 per cent. and three-month 14 per cent. Approximate selling rate for one-month bank bills ... per cent.; two-month ... per cent. and three-month ... per cent.; one-month trade bills ... per cent.; two-month ... per cent. and three-month ... per cent.

Finance House Base Rates (published by the Finance Houses Association): 15 per cent. from December 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 12 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 14.0954 per cent.

هكذا منذ الأصل

# AUTHORISED UNIT TRUSTS

# INSURANCE, PROPERTY, BONDS

# OFFSHORE AND OVERSEAS FUNDS

...S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

| | | | |
|---|---|---|---|
| Cnv. Bd. Dec. 10 | $US9.97 | +0.03 | — |
| Energy Int. Dec. 10 | $US14.56 | +0.08 | — |
| Gr St. $Fd. Nov. 30 | $US6.99 | ..... | — |

Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross, St. Helier, Jsy. CI. 0534 29041

| | | | | |
|---|---|---|---|---|
| CMF Ltd. Nov. 25 | $US9.45 | 9.90 | ..... | — |
| CMT Ltd. Nov. 25 | £9.22 | 9.46 | ..... | — |
| Metals Tst. Nov. 18 | £12.27 | 12.57 | ..... | — |
| TMT Dec. 9 | $US[illegible] | 11.[illegible] | +0.88 | — |
| TMT Ltd. Dec. 9 | £10.74 | 11.01 | +0.65 | — |

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| WorldWideGth.Fd. | $US11.81 | +0.11 | — |

## NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ¢. ‡ Guernsey yield. ‡ Suspended. ◊ Single premium insurance bonds. ♦ Yield before Jersey tax.

## REGIONAL MARKETS

...tion of the share prices previously shown under regional headings is ... below with quotations on London. Irish issues, most of which are not ... listed in London, are shown separately and with prices as on the Irish ...

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | IRISH | | | |
| | | | | | | | | Conv. 9% 80/82 | £80¼ | +¼ | |
| ...20p | 16 | ...... | Higsons Brew. | 68 | .. | | | Alliance Gas | 47 | ...... | |
| ...ng | 34 | ...... | I.O.M. Stm. £1 | 134 | ...... | | | Arnott | 185xd | ...... | |
| ... | 21 | ...... | Holt (Jos.) 25p | 260 | ...... | | | Carroll (P.J.) | 94 | ...... | |
| ...50p | 126 | ...... | Kleen-e-Ze | 27 | ...... | | | Clondalkin | 33 | ...... | |
| ...t. | 24 | ...... | Lovell's Ship £1 | 180 | ...... | | | Concrete Prods. | 41 | ...... | |
| ...£1 | 350 | ...... | N'thn. Goldsmith | 22 | ... | | | Heiton (Hldgs.) | 21 | ...... | |
| ...) | 20 | ...... | Pearce (C. H.) | 85 | ...... | | | Ind. News | 37 | ...... | |
| ...ldy. | 60 | ...... | Peel Mills | 11 | ...... | | | Ins. Corp. | 140 | ...... | |
| ...10p | 25 | ...... | RobbCaledonSh. | 46 | +1 | | | Irish Distillers | 335xd | −1½ | |
| ... | 9 | ...... | Sayers 12½p | 15 | ...... | | | Irish Ropes | 84 | ...... | |
| ... | 49 | ...... | Sheffield Brick | 53 | ...... | | | Jacob | 40 | ...... | |
| ...5p | 16 | ...... | Sheff. Refrshmt. | 140 | ...... | | | Sunbeam | 12 | ...... | |
| ...£1 | 300 | ...... | Shiloh Spinn. | 20 | ...... | | | T.M.G. | 70 | ...... | |
| ...h 10p | 6 | ...... | Sindall (Wm.) | 49 | ...... | | | Unidare | 44 | ...... | |

## ...AL NOTICES

...No. 004040 of 1976

...IGH COURT OF JUSTICE ...ivision Companies Court. In ... of KIERBOLT INVESTMENTS ... and in the Matter of The ... Act, 1948.

... IS HEREBY GIVEN, that a ... the Winding up of the above... ...pany by the High Court of ... on the 30th day of November ... nted to the said Court by ...UTLER, PRIEST & COMPANY, ...whose registered office is at ...Victoria Street, London, E.C.4, ... in creditors' voluntary liquida... Joint Liquidators being IAN BARKER BOND of 129 Queen ...eet, aforesaid and KENNETH CORK of Guildhall House, ...am Street, London EC2V 7DS. ...e said Petition is directed to ...efore the Court sitting at the ...ts of Justice, Strand, London ... on the 17th day of January ... any creditor or contributory ... Company desirous to support ... the making of an Order on ...ition may appear at the time ... in person or by his counsel ...urpose; and a copy of the ...l be furnished by the under... any creditor or contributory ... Company requiring such copy ...t of the regulated charge for ...

...I. FREEMAN & CO., ...avendish Square, ...don W1M 9DD. ...: JAH/34518. ...01-636 4055 ...citors for the Petitioner.

...any person who intends to ...the hearing of the said Petition ...on, or send by post to, the ...d notice in writing of his ...to do. The notice must state ...and address of the person, or, ...the name and address of the ...must be signed by the person ...his or their solicitor (if any) ...be served, or if posted, must ...y post in sufficient time to ...above-named not later than ...k in the afternoon of the ...7 January 1977.

No. 004031 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NOMINITE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by The High Court of Justice was on the 16th day of November, 1976, presented to the said Court by Drayton Corporation Limited of 114, Old Broad Street, London, E.C.2., and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of December, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHURST MORRIS CRISP & CO.,
17, Throgmorton Avenue,
London EC2N 2DD.
Solicitors for the Petitioning Creditor.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, of his or their solicitor (if any), and must be served or if posted must be sent in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of December, 1976.

## GOURMET



## ...MPANY NOTICES

...PANESE GOVERNMENT STERLING LOANS

...Bank of Tokyo, Limited, are ...d by the Japanese Government ...ance that Coupon No. 26 due ...cember, 1976 from Bonds of ...PANESE GOVERNMENT 6% ...983/88 will be paid on and ...31 December, 1976.

...should be presented for pay... The Bank of Tokyo, Limited, ... Moorgate, London EC2R 6DH, ...the forms provided between ...s of 10.00 a.m. and 2 p.m. ...ust be left at least five clear ...examination prior to payment. ...ccordance with the Exchange ...Act, 1947, coupons can only ...pted from and paid to an ...ed Depositary ...ns cannot be accepted through ...

...E BANK OF TOKYO LIMITED
... T. NAGAMURA,
...tor and General Manager, London Office.
... December, 1976

...RAY INDUSTRIES, INC. (Toyo Rayon Kabushiki Kaisha)

...WARBURG & CO. LTD. announce ...idend of Yen 2.50 per share has ... to shareholders on the books ...ove Company as at 30th Sept... ...76, in respect of the six months ...ded on that date.

... of Bearer Depositary Receipts ... S. G. Warburg & Co. Ltd. may ...oupon No. 26 for payment forth... G. Warburg & Co. Ltd., Coupon ...nt, St. Albans House, Goldsmith ...ondon EC2P 2DL or at Banque ...nale à Luxembourg, 2 Boulevard ...xembourg, subject to deduction ...se Withholding Tax and United ...Income Tax (if any) at the appro... ...es. Details of tax deduction can ...ed from the Paying Agents.

...G. WARBURG & CO. LTD., as Depositary.
...ecember, 1976.

SVERIGES INVESTERINGS BANK AB (Swedish Investment Bank Limited) 7½% BONDS 1981/1988

S. G. WARBURG & CO. LTD. announce that the fourth instalment of Bonds for a nominal value of U.S.$500,000 have been purchased for redemption on 15th January, 1977.

30, Gresham Street, London, EC2P 2EB.
14th December, 1976.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1976 High | Low | Stock | £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 98 | 95 | Treasury 6½pc 1977‡‡ | 98 | –⅛ | 6.57 | 12.55 |
| 97¼ | 94½ | Electric 3pc 74-77 | 97½ | ..... | 3.07 | 13.31 |
| 103 | 97 | Treasury 11½pc 1977‡‡ | 98 | +⅛ | 11.65 | 13.15 |
| 95¼ | 91⅞ | Treasury 3pc 1977 | 94⅛ | ..... | 3.19 | 9.81 |
| 95 | 92¼ | Transport 4pc 72-77 | 95xd | ..... | 4.17 | 8.42 |
| 99 | 90½ | Treasury 9pc 1978‡‡ | 95 | –⅛ | 9.41 | 12.92 |
| 101½ | 93⅞ | Treasury 10½pc 1978‡‡ | 96¾xd | +⅛ | 10.85 | 12.91 |
| 93⅜ | 89⅝ | Exch. 5pc 76-78 | 90⅞ | ..... | 5.50 | 10.73 |
| 103 | 92 | Treasury 11½pc 1979‡‡ | 95 | ..... | 12.09 | 14.09 |
| 98⅛ | 92 | Treas. 11½pc 79‡‡ | 95 | –⅛ | 12.10 | 14.11 |
| 83⅞ | 82¼ | Treasury 3pc 1979‡‡ | 84⅛ | ..... | 3.56 | 9.68 |
| 89⅞ | 82¼ | Electric 4pc 74-79 | 85⅛ | +⅛ | 4.90 | 10.54 |
| 100 | 88⅞ | Treasury 10½pc 1979‡‡ | 91¼ | +⅛ | 11.44 | 14.05 |
| 88⅛ | 82¼ | Electric 3½pc 76-79 | 84¼ | –⅛ | 4.15 | 9.63 |
| 96 | 84½ | Treasury 9pc 1980‡‡ | 87 | +⅛ | 10.30 | 13.97 |
| 96½ | 84 | Treasury 9½pc 1980‡‡ | 88 | –⅛ | 10.79 | 14.03 |
| 86 | 78¼ | Treasury 3½pc 77-80 | 81⅞xd | +½ | 4.27 | 9.74 |
| 89⅞ | 80 | Funding 5¼pc 78-80‡‡ | 82⅝ | +⅛ | 6.35 | 11.41 |
| 96 | 96 | Exch. 13pc 1980‡‡ | 96 | +⅛ | 13.46 | 14.34 |
| 103 | 88½ | Treasury 11½pc 1981‡‡ | 92xd | +⅛ | 12.49 | 14.14 |
| 86 | 76¼ | Treasury 3½pc 1979-81 | 77¼ | ..... | 4.59 | 10.16 |
| 95⅝ | 82 | Treasury 9¾pc 1981‡‡ | 86 | –⅛ | 11.28 | 14.05 |
| | | Five to Fifteen Years | | | | |
| 94⅛ | 79⅝ | Treasury 8¼pc 80-82‡‡ | 81½xd | +¼ | 10.33 | 13.45 |
| 71⅜ | 69¼ | Treasury 3pc 1982‡‡ | 71⅜ | +⅛ | 4.23 | 10.42 |
| 100⅜ | 98¼ | Treasury 14pc 1982‡‡ | 100⅜ | –¼ | 14.15 | 14.22 |
| 107¼ | 88⅞ | Treasury 12pc 1983‡‡ | 93⅞ | +¼ | 13.19 | 14.21 |
| 81⅛ | 69⅝ | Funding 5½pc 82-84‡‡ | 70¼xd | +⅛ | 7.72 | 12.57 |
| 87⅝ | 74¼ | Treasury 8¼pc 84-86‡‡ | 75⅜xd | +⅛ | 11.18 | 12.96 |
| 74⅜ | 60¼ | Funding 6½pc 85-87‡‡ | 64¼ | +⅛ | 10.16 | 12.69 |
| 77⅝ | 65⅛ | Treasury 7¾pc 85-88‡‡ | 70 | +⅛ | 11.57 | 13.57 |
| 51¼ | 44⅜ | Transport 3pc 78-88 | 47¼xd | +⅛ | 6.33 | 11.25 |
| 59¼ | 48 | Treasury 5pc 86-89 | 52⅞ | +½ | 9.79 | 12.69 |
| 103¼ | 87 | Treasury 13pc 1990‡‡ | 87¼xd | +½ | 14.62 | 14.98 |
| 75⅞ | 61⅛ | Treasury 8¼pc 87-90‡‡ | 64⅝xd | +½ | 12.76 | 13.23 |
| 60 | 47⅝ | Funding 5¾pc 87-91‡‡ | 51¼ | +½ | 11.35 | 13.70 |
| | | Over Fifteen Years | | | | |
| 100 | 84¼ | Treasury 12¼pc '92‡‡ | 90¼ | +½ | 14.97 | 15.25 |

## Undated

## **INTERNATIONAL BANK

## **CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS (Miscel.)

## FOREIGN BONDS & RAILS

‡ $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 29⅞% (based on $1.8120 per £)

Conversion factor 0.7132 (0.7192)

## CANADIANS

S.E. List Premium 39⅞% (based on $1.7812 per £)

## BANKS AND HIRE PURCHASE

## Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Continued

## CHEMICALS, PLASTICS

## CINEMAS, THEATRES AND TV

## DRAPERY AND STORES

## DRAPERY AND STORES—Continued

## ELECTRICAL AND RADIO

## ENGINEERING, MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## HOTELS AND CATERERS

## HOTELS—Con

## INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND



## MINES—Continued

### FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 250 | Blyvoor 25 | 340 | −20 | ‡Q75c | 1.6 | ‡ |
| £14 | 440 | Buffels R1 | 620xd | −26 | ‡Q125c | 1.6 | ‡ |
| *140 | 70 | Deelkraal R0.20 | 62 | .... | — | — | — |
| 760 | 125 | Doornfontein R1 | 220 | −15 | Q55c | 2.2 | 16.1 |
| 965 | 330 | East Drie R1 | 555 | −35 | Q75c | 1.7 | 9.3 |
| 280 | 122 | Elandsrand Gld. 20c | 160 | −5 | — | — | |
| 190 | 44 | Elsburg R1 | 87xd | +25 | Q9¼c | ϕ | ‡ |
| £16½ | 520 | Hartebeest R1 | 975 | −50 | ‡Q190c | 1.3 | ‡ |
| 695 | 260 | Kloof Gold R1 | 390 | −20 | Q47c | 1.5 | 8.7 |
| 760 | 140 | Libanon R1 | 305 | −15 | Q80c | 2.0 | 19.0 |
| 740 | 230 | Southvaal 50c | 345 | −5 | Q6c | ϕ | 1.3 |
| 245 | 92 | Stilfontein 50c | 135xd | −10 | Q22c | ϕ | ‡ |
| £20¾ | 700 | Vaal Reefs 50c | £10⅜ | −⅛ | Q110c | ϕ | ‡ |
| 420 | 48 | Venterspost R1 | 140 | −15 | Q25c | 3.6 | 12.9 |
| £35 | £11¼ | W. Drie R1 | £19 | −¼ | Q335c | 1.5 | 12.7 |
| 315 | 68 | Western Areas R1 | 138xd | −8½ | ‡Q52c | 1.4 | ‡ |
| £15¼ | 490 | Western Deep R2 | 740 | −15 | Q90c | ϕ | ‡ |
| 290 | 100 | Zandpan R1 | 170 | −5 | ‡Q31¼c | 1.0 | ‡ |

### O.F.S.

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 60 | Free State Dev. 50c | 105 | −5 | Q9c | 0.6 | 6.2 |
| £22½ | 715 | F.S. Geduld 50c | £10¼ | −¼ | Q200c | ϕ | 14.1 |
| 200 | 50 | F.S. Saaiplaas R1 | 85 | .. | 6c | 2.6 | 5.1 |
| 465 | 170 | Harmony 50c | 280 | −10 | ‡Q65c | 1.9 | ‡ |
| 195 | 38 | Loraine R1 | 50 | −3 | Q6c | 0.5 | ‡ |
| £18½ | 600 | Pres. Brand 50c | 875 | −25 | Q170c | ϕ | 14.1 |
| £13 | 395 | Pres. Steyn 50c | 690 | −10 | Q45c | ϕ | 4.7 |
| £23⅛ | 750 | St. Helena R1 | £11 | −⅛ | Q170c | 2.1 | 11.2 |
| 174 | 70 | Unisel | 124 | ..... | — | — | — |
| 330 | 125 | Welkom 50c | 160 | −5 | Q15c | ϕ | 6.8 |
| £25½ | 950 | W. Holdings 50c | £13½ | −¼ | Q310c | ϕ | 16.6 |

### FINANCE

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 535 | 315 | Ang. Am. Coal 50c | 420 | ..... | MQ38c | 2.8 | 6.7 |
| 375 | 185 | Ang. Amer. 10c | 250 | −5 | Q53c | 1.9 | 10.4 |
| £28¾ | £10½ | Ang. Am. Gold R1 | £14¾ | −½ | ‡Q260c | 1.3 | ‡ |
| £13¼ | 800 | Ang-Vaal 50c | 825 | −25 | Q105c | 3.3 | 9.3 |
| 199 | 101 | Charter Cons. | 128 | +2 | †6.76 | 2.4 | 8.1 |
| 220 | 113 | Cons. Gold Fields | 160 | −2 | 7.37 | 2.1 | 7.1 |
| 23½ | 13 | East Rand Con. 10p | 16 | ..... | 1.0 | 2.2 | 9.6 |
| 330 | 150 | Geduld Inv. R1 | 240 | ..... | Q40c | 1.5 | 12.1 |
| £25 | £12¾ | Gen. Mining R2 | £13 | −1 | Q210c | 2.1 | 11.7 |
| £20⅝ | 10 | Gold Fields S.A. 25c | £11½ | −¾ | Q155c | 1.2 | 9.7 |
| £24 | £11½ | Jo'burg Cons. R2 | £13½ | −½ | Q170c | 2.2 | 9.1 |
| 380 | 195 | Middle Wit 25c | 215 | −5 | ‡Q35c | 1.2 | ‡ |
| 250 | 154 | Minorco $BD1.40 | 156 | −2 | Q2c | 0.7 | 0.8 |
| 160 | 56 | New Wit 50c | 90 | ..... | Q18c | 1.0 | 14.5 |
| £14⅝ | 770 | Patino NV Fls.5 | £12¼ | ..... | QC65c | 0.8 | 3.5 |
| 810 | 310 | Rand Selection 50c | 365 | −5 | Q65c | ϕ | ‡ |
| 543 | 355 | Selection Trust | 425 | ..... | 15.2 | 1.5 | 5.5 |
| 230 | 98 | Sentrust 10c | 128xd | +5 | ‡Q30c | 1.4 | ‡ |
| 66 | 29½ | Silvermines 2½p | 33 | −1 | 3.0 | 1.6 | 14.0 |
| £12½ | 700 | T'vaal Cons. Ld. R1 | 900 | −25 | Q75c | 2.4 | 6.0 |
| 310 | 110 | U.C. Invest R1 | 145 | −10 | ‡Q36c | 1.0 | ‡ |
| 465 | 175 | Union Corpn. 6.25c | 225 | −5 | †Q36c | 1.4 | 11.6 |
| 90 | 45 | Vogels 2½c | 65 | ..... | †Q6½c | 1.2 | 7.2 |

### DIAMOND AND PLATINUM

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £32½ | £17½ | Anglo Am. Inv. 50c | £20 | ..... | †Q244c | 1.6 | 8.8 |
| 122 | 67 | Bishopsgate Ph. 10c | 67 | −1 | †Q8c | ϕ | 8.6 |
| 335 | 182 | De Beers Df. 5c | 252 | −2 | Q28c | 2.2 | 11.1 |
| £14 | 850 | Do. 40pc Pf. R5 | 850xd | −3 | Q200c | 128.0 | 17.0 |
| 128 | 66 | Lydenburg 12½c | 70 | ..... | Q7.2c | ϕ | 7.4 |
| 123 | 93 | Rus. Plat. 10c | 93 | ..... | Q10c | 3.2 | 7.8 |

### CENTRAL AFRICAN

### AUSTRALIAN

### TINS

### COPPER

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 85 | 35 | Botswana RST R2 | 40 | ..... | — | — | — |
| 335 | 150 | Messina R0.50 | 150xd | −2 | Q45c | 2.8 | 21.7 |

### MISCELLANEOUS

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 10 | 8 | Burma Mines 17½p | 9 | ..... | 0.1 | ϕ | 1.8 |
| 35½ | 15½ | Charterhall 5p | 22 | +½ | — | — | — |
| 990 | 550 | Cons. Murch. 10c | 560 | −10 | Q140c | ϕ | 19.6 |
| 440 | 245 | Northgate C$1 | 350 | −5 | — | — | — |
| 239 | 132 | R.T.Z. | 167 | +2 | g5.96 | 2.1 | 5.5 |
| 112 | 55 | Sabina Inds. C$1 | 62½ | −2½ | — | — | — |
| £15⅞ | £10 | Tara Expln. $1 | £12⅛ | +⅛ | — | — | — |
| 45 | 32½ | Tehidy Minerals 10p | 38 | +3 | †b1.08 | ϕ | 4.4 |
| 145 | 84 | Yukon Cons. C$1 | 125 | .... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ☆ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

FINANCIAL TIMES
Tuesday December 14 1976



# November retail sales pick up

By Peter Riddell, Property Correspondent

SALES in shops picked up sharply last month because of a buying spree in expectation of a rise in Value Added Tax and other indirect taxes in to-morrow's economic package.

The volume of retail sales increased by 1.6 per cent. to 109 (1971=100, seasonally adjusted) according to the Department of Industry's provisional estimate published yesterday.

The recovery from the October level takes the index back to about the average of the third quarter.

## Benefits boost

The upturn of sales appears to have continued into the first fortnight of this month judging by reports from the retail trade.

In addition to pre-Budget purchases, sales also appear to have been boosted by the impact of the large rise in the middle of last month in various social security benefits, including pensions, most of which will be spent rather than saved.

The number of foreign visitors—particularly high for the time of year—may also have helped to push up the overall index, although the main impact has been in London, with Selfridges', for example, reporting a 60 to 70 per cent. rise in sales since the summer compared with last year.

Outside the main London tourist areas, the upturn, though widely reported, has been more selective and concentrated, for example, on electrical appliances and drinks.

Indeed, the pre-Budget spree, as reflected in the November retail index, is not so large as it has been ahead of previous economic packages. Marks and Spencer, for instance, has said Christmas business looks like being "good but not exceptional."

## Further squeeze

In any event, the recovery may only be temporary since, even without taking account of to-morrow's package, most economic forecasters have been projecting a fall in retail sales next year despite an expected decline in the amount saved.

This is because of the further squeeze on real personal disposable incomes as the cost of living rises faster than earnings.

A rapid rise in earnings after the end of stage two of the pay policy next summer could, however, give a boost to spending.

So far this year, the average volume of retail sales has been slightly below the annual average for last year.

On a non-seasonally adjusted basis, the value of sales in the first 11 months of this year was 15 per cent. higher than in the same period last year, and in November, the value of sales was 17 per cent. up on a year earlier.

RETAIL SALES VOLUME
(Seasonally adjusted)

| | | 1971 = 100 |
|---|---|---|
| 1975 | 3rd | 105.5 |
| | 4th | 105.8 |
| 1976 | 1st | 107.3 |
| | 2nd | 106.7 |
| | 3rd | 107.7 |
| | June | 106.1 |
| | July | 108.3 |
| | August | 108.9 |
| | September | 106.8 |
| | October | 107.3 |
| | November | 109.0* |

* Provisional
Source: Department of Industry

# EEC studies Japan shipbuilding curbs

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, Dec. 13.

THE EEC Commission disclosed to-day that it was studying unilateral ways to force Japan to reduce its shipbuilding production if it failed to agree to negotiated cuts.

The disclosure was made by Sig. Cesidio Guazzaroni, the EEC Commissioner responsible for industrial policy, as the French Government issued a blunt warning that Japan would risk EEC retaliation in other areas as well unless it moved more swiftly to correct its overall commercial imbalance with the Community.

Sig. Guazzaroni told EEC Foreign Ministers that Commission experts had been instructed to examine methods which the Nine might use to curb Japanese ship exports if Japan failed to improve on its proposal to reduce its shipbuilding capacity from 12m. to 6.5m. tons by the end of the decade.

Though no firm deadline has been set, the Commission is apparently expecting the Japanese Government to indicate its willingness to discuss deeper cuts by the end of the year, or by January 11 at the latest.

This is the date for the next meeting of the working party on shipbuilding within the Organisation for Economic Co-operation and Development in Paris.

## Canvassed

Before then, a Commission team led by Mr. Josephus Loeff, acting Director-General for Industrial Affairs, is due to visit Tokyo to discuss shipbuilding and other aspects of trade with the Japanese Government.

It is not known what methods the Commission is considering to force the Japanese hand, or indeed whether it has any concrete proposals in mind. It is understood to have canvassed governments of the Nine informally for suggestions in recent weeks.

The immediate hope in Brussels appears to be that, by brandishing the threat of retaliatory measures, the EEC can force Japan to reconsider its outright rejection of Community proposals for a 50/50 split in new shipbuilding orders between Europe and Japan, made at the last OECD meeting earlier this month.

## No doubt

This rejection was singled out to-day by M. Louis de Guiringaud, the French Foreign Minister, as an indication that the Japanese Government had failed to digest the full implications of the statement issued by EEC Heads of Government in the Hague two weeks ago. This valled on Japan to make renewed efforts to narrow its trade gap with the Community.

M. de Guiringaud said that Japan's "dilatory" response suggested that it was not prepared to make any significant and speedly changes in its trade policy and practices.

He hoped that the next round of trade talks in Tokyo on December 20 would produce "concrete, positive and immediately significant results."

If this were not the case, he had no doubt that the EEC would "acquire, as a matter of urgency, the means to remedy a situation which cannot be long accepte d if it continues to deteriorate."

Though M. de Guiringaud's impatience with Japan's attitude is understood to have elicited some sympathy from his EEC counterparts, they failed to give it formal Community backing at this point.

## Moratorium

Several Governments consider that Japan should be allowed more time to prepare corrective steps on trade before they apply additional diplomatic pressure for concessions across a broad front. The statement issued by EEC Heads of Government in The Hague proposed a three-month period for further consultations with the EEC.

Patience is also being counselled by Mr. Finn-Olav Gundelach, the EEC Commissioner temporarily responsible for External Affairs, who has been deeply involved in trade negotiations with Japan recently.

The Foreign Ministers were reminded this afternoon that Japan had recently agreed to voluntary limitations on its steel exports to the EEC and that its Government had yet to emerge from the political uncertainty created by the last elections.

# IMF team returns to U.S.

MR. ALAN WHITTOME and the IMF team have returned to Washington after nearly six weeks in London, much longer than originally expected.

Their task has been to negotiate with the Treasury on the terms of the £3.9bn. loan.

# Discount rule may start a bread price war

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

A BREAD price war could break out in the New Year as a result of the Department of Prices' new controls on bread prices.

An order laid yesterday, to come into effect on January 4, will leave retailers free to negotiate the biggest discounts they can from their bread suppliers.

Above a certain level of discount, shops will be forced to pass the gain onto the consumer.

At present there is a statutory limit of 22½ per cent. on discounts. Although many supermarkets are already selling bread at well below the maximum price, removal of the discount limit is likely to mean further cuts in some shops.

Most of the big groups will try to negotiate discounts of over 30 per cent. This would mean that they would have to sell bread for at least 5p less than the maximum price.

Some groups may try to squeeze their suppliers for even bigger discounts. Although they would be able to make only a small gross profit (4.5 per cent.) if they bought at a discount of 50 per cent., the price cut of 11p off the maximum might be enough to bring customers into their shops.

The bakers said yesterday that if the average level of discount they gave their customers rose, the basic price would have to go up again to compensate them for the lost revenue.

Ranks Hovis McDougall estimated that if the average discount rose from its present level of between 18 and 20 per cent. to 30 per cent., the basic price might have to go up by 3p a loaf.

This would be in addition to the 4p increase, which some bakers are predicting will take place over the next 12 months as a result of the abolition of the present subsidy and increased costs.

## Standard loaf

In the long term, therefore, the net effect on bread prices may be negligible, particularly as the supermarkets are unlikely to want to cut prices for long periods. Theq are more likely to launch occasional, cut-price promotional campaigns for their bread.

The new range of statutory maximum prices announced yesterday are calculated on the basis of the standard loaf (now costing 20p in most parts of the country) going up by 1p next month.

This is to take account of the ½p manufacturers' increase effectively blocked by the Department of Prices last month and a ½p cut in the subsidy.

Both standard and non-standard loaves are affected, but different price limits are being set for the master bakers and the supermarkets.

The latter will have to start cutting their prices if they are getting a discount of more than 17½ per cent., but the master bakers will not have to start cutting prices unless they are buying at a discount of over 25 per cent.

Mr. Roy Hattersley, the Prices Secretary, announcing the new controls yesterday, said they meant that the price of a standard loaf would be cheaper in many shops "than it otherwise would have been."

The entire situation would be less complicated than before and would reduce government intervention in the bread market.

The bread industry was "an enormously complicated area" and eventually he would like to see the Government withdraw from it altogether.

The present controls on discounts were introduced in January of last year by Mrs. Shirley Williams, then Secretary of Prices, as part of the bread subsidy arrangements.

Table, Page 8

# Air fares to U.S. may increase by 33%

By Michael Donne, Aerospace Correspondent

NORTH ATLANTIC air fares from the U.K. to the U.S. will rise on April 1 by up to 33 per cent. if an agreement reached in Geneva by the member-airlines of the International Air Transport Association is approved by governments.

The basic agreement covering about three-quarters of all Atlantic scheduled air traffic between Europe and the U.S. (or about 7m. air travellers), provides for rises of between 1 and 9 per cent., but averaging about 5 per cent. for airlines in most European countries.

Because of the depreciation of sterling in recent months, and the absence of any agreement which has enabled the airlines to compensate for that, Atlantic fares out of the U.K. have been considerably lower than they would otherwise have been.

## Supersonic

Because of this, it has been possible in recent months to fly supersonically on Concorde from London to Washington for less than the cost of a first-class subsonic single flight from Washington to London on a Jumbo jet.

The new IATA agreement will end that situation, and fares from the U.K. will rise steeply as a result.

First indications last night were that from April 1, the London-Washington Concorde return fare will rise from the present £704 to £864, or more than 23 per cent., and the first-class London-New York return rate will go up from £548 to £675, also about 23 per cent.

The basic economy-class fare will rise from £275 to £332, London-New York return, or by 20 per cent., and the peak economy return rate will go up by 33 per cent. from £298 to £398.

The IATA agreement goes to governments immediately for their approval, which is hoped will be forthcoming so that airlines can start selling the new fares early in the New Year, for effective use from April 1.

## Abolition

There are some gaps in the agreement. For example, there is no agreement yet on fares bteween Europe and Canada, and between the U.S. and Spain, Portugal, and Yugoslavia. But most fares between the U.S. and 22 countries in Europe, the Middle East and Africa have been settled for the year up to March 31, 1978.

A feature of the new IATA agreement is a simplification of the fares structure, especially by the abolition of the former three-season structure (peak, shoulder and off-peak) in favour of a two-season structure, with an eight-months basic season and a four months summer peak period.

There will be only six basic types of fare for individuals—first-class, economy, 14-21-day excursions and 22-45-day excursions: Advanced Purchase Excursion (Apex) fares for 22-45 days up to October 1 next, when they become 14-45 days rates; and a youth fare.

# THE LEX COLUMN

# Powerful lure for equities

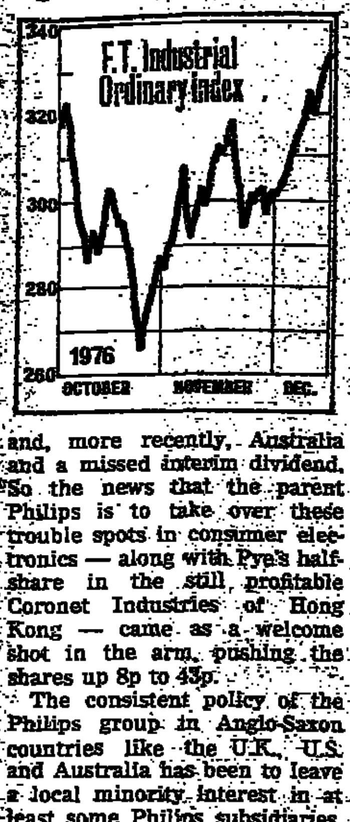
The combination of the Christmas season, an imminent economic package, and a world-wide rally in share prices has proved irresistible to the U.K. equity market. The 30-Share Index has risen by over 30 points in the past fortnight and yesterday — which brought the most active trading since early November — there were clear signs that even some of the most cynical institutions were being pulled back into the action.

The precedents are certainly comforting enough. The 30-Share Index has posted some kind of increase during the month of December in eight out of the past ten years, and more often than not it has moved further ahead in January. The market has also tended to be firm ahead of economic packages during the past couple of years. Finally, the Japanese market has reached a new high while decent rallies have also been seen in some of the European exchanges and in the U.S. Worldwide markets often seem to move in the same direction these days, and the whisper of overseas buying in London provided part of the impetus behind the current upturn.

However, there must obviously be a limit to this kind of enthusiasm. Over the past decade, the rise in the 30-Share Index during the months of December and January has averaged out at rather less than a tenth, whereas so far this month, the Index is already up by nearly an eighth. And more often than not, the Chancellor's measures have turned out to be an anti-climax for the market. Share prices closed below the best last night, and unless the Chancellor comes up with some surprises to-morrow, it will be difficult to maintain the momentum.

Meanwhile, another tap stock ran out yesterday — the low-coupon issue, Treasury 3 per cent., 1982. The Government broker was also busy supplying both the short and long taps in quite large amounts. In terms of the gilt-edged sales programme, it may be that to-morrow's mini-Budget has already done the trick for the authorities even before it has been presented.

Index rose 3.6 to 333.7




## Pye Holdings

Pye Holdings' shares have been notably weak this year, dropping from a peak of 65p to 20p at one time in the wake of severe problems in colour TV manufacturing in the U.K. and, more recently, Australia and a missed interim dividend. So the news that the parent Philips is to take over these trouble spots in consumer electronics — along with Pye's half-share in the still profitable Coronet Industries of Hong Kong — came as a welcome shot in the arm, pushing the shares up 8p to 43p.

The consistent policy of the Philips group in Anglo-Saxon countries like the U.K., U.S. and Australia has been to leave a local minority interest in at least some Philips subsidiaries, complete with stock market quotation. Indeed, Philips was careful to put back the minority — just under 40 per cent. — into Pye through the options issued at the time of the take-over nearly a decade ago. But this now makes it rather tricky for Philips to reorganise its operations and — quite rightly — Pye has retained Morgan Grenfell to give independent advice.

At this stage only the Australian end of the deal has been sewn up, with Philips' listed subsidiary taking over Pye Industries, also locally quoted. The consideration going to the Pye parent appears to be around £4m. in cash, plus (once again) some options. The key question is how much Philips should pay for Pye's U.K. consumer operations which are likely to lose about £4m. this year. Presumably some kind of asset-based formula will be employed. All that Pye is saying is that about one-third of its turnover (some £233m. in 1975) is involved in the combined disposals and that on a retrospective basis 1975 earnings would have been slightly improved.

In due course Philips needs to explain mo... would not be... reorganise the... operations wit... them from Pye... tion may be th... injecting some... which at the e... debt of approx... liquidity is now... cantly" improv...

## Berry Wigg...

Less than 12... rights issue la... Berry Wiggins' ... half the issue ... interim dividen... the circumst... Montagu and ... respectively joi... and joint broke... were quite righ... of continuing ... How they have ... another matter.

At the most b... failure to secure... position before ... suggest manag... has led to a ... match which ca... all parties i... Wiggins' chair... executive, Mr. ... claims that they... formal commun... Board, and that... tion came compl... blue. Sharehol... right to communi... to a Board of... argues, but it is ... advisers to ma... approach via ... directors.

On the other ... pany's response ... counter-producti... connections wit... house, together ... top brokers and ... director will not ... friends and in... What is needed ... one to take the ... affair, and that ... direct and rapid ... the major shareh... ably channelled ... as yet uninvolv... since it is hard t... tagu or Greenwe... stage play any ... patching up a c...

However it is ... out that if the ... constructive vie... management of ... they should have ... some time ago. T... although the sha... below the level e... they have recover... per cent. since th... ment was pub... October.

# Weather

U.K. TO-DAY

MAINLY cloudy with rain.

London, E. Anglia, Midlands, Channel Is., S. England
Mostly cloudy; light rain in places. Patchy fog. Wind light. Max. 4C (39F).

Wales, Lakes, I. of Man, Glasgow, Argyll, W. England, N. Ireland, W. Scotland
Mostly cloudy, rain in places. Wind light. Max. 7C (45F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Mainly dry, mostly cloudy. Wind light. Max. 5C (41F).

Outlook: Mostly dry, wintry showers in E.

Lighting-up: London 16.21, Manchester 16.20, Glasgow 16.13, Belfast 16.28.

BUSINESS CENTRES

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Amstrdm. | C | 3 | 37 | Madrid | C | 10 | 50 |
| Athens | F | 10 | 50 | Manchstr. | R | 4 | 39 |
| Barcelona | F | 10 | 50 | Melbourne | F | 18 | 64 |
| Belfast | F | 6 | 43 | Mexico C. | S | 18 | 64 |
| Belgrade | C | 0 | 32 | Milan | S | 6 | 43 |
| Berlin | Sn | 1 | 34 | Montreal | C | −19 | −2 |
| Birmghm. | R | 3 | 37 | Moscow | C | −2 | 28 |
| Bristol | C | 4 | 39 | Munich | C | −2 | 28 |
| Brussels | C | 2 | 36 | Newcastle | C | 5 | 41 |
| Budapest | C | 1 | 34 | New York | S | −5 | 23 |
| B. Aires | C | 21 | 71 | Oslo | S | −4 | 25 |
| Cairo | S | 21 | 71 | Paris | C | 2 | 36 |
| Cardiff | C | 5 | 41 | Perth | S | 22 | 72 |
| Cologne | C | 0 | 32 | Prague | S | −1 | 30 |
| Copnhagn. | S | 0 | 32 | Reykjavik | R | 5 | 41 |
| Dublin | C | 6 | 43 | Rome | S | 9 | 48 |
| Edinb'rgh | C | 5 | 41 | Singapore | S | 29 | 85 |
| Frankfurt | F | 2 | 36 | Stockholm | C | −2 | 28 |
| Geneva | F | 2 | 36 | Strasb'rg | F | 3 | 37 |
| Glasgow | C | 5 | 41 | Sydney | F | 31 | 88 |
| Helsinki | Sn | −6 | 21 | Tel Aviv | S | 22 | 72 |
| Hong Kong | S | 20 | 68 | Tokyo | S | 10 | 50 |
| Jo'burg | C | 24 | 75 | Toronto | S | −18 | 0 |
| Lisbon | F | 13 | 55 | Vienna | F | 2 | 36 |
| London | F | 4 | 39 | Zurich | S | 0 | 32 |
| Luxemb'g | C | 0 | 32 | | | | |

HOLIDAY RESORTS

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 12 | 54 | Istanbul | S | 2 | 36 |
| Algiers | C | 16 | 61 | Jersey | F | 5 | 41 |
| Biarritz | S | 4 | 39 | Las Plms. | C | 21 | 70 |
| Blackpool | C | 5 | 41 | Locarno | S | 7 | 45 |
| Bordeaux | F | 2 | 36 | Majorca | C | 10 | 50 |
| Boulogne | C | 5 | 41 | Malaga | F | 16 | 61 |
| Casablnca. | S | 19 | 66 | Malta | C | 13 | 55 |
| Corfu | C | 9 | 48 | Naples | F | 5 | 41 |
| Dubrovnik | C | 5 | 41 | Nice | S | 10 | 50 |
| Faro | C | 16 | 61 | Oporto | F | 19 | 66 |
| Funchal | F | 18 | 64 | Salzburg | Sn | −1 | 30 |
| Gibraltar | C | 16 | 61 | Tangier | F | 19 | 66 |
| Guernsey | S | 7 | 45 | Tenerife | D | 13 | 55 |
| Innsbruck | S | 0 | 32 | Tunis | F | 12 | 54 |
| Inverness | C | 4 | 39 | Valencia | C | 12 | 54 |
| Isle of Man | C | 9 | 48 | Venice | S | 6 | 43 |

C—Cloudy. D—Drizzle. F—Fair. R—Rain. S—Sunny. Sn—Snow.

# U.K. industrial builders accused of inefficiency

BY KEVIN DONE, INDUSTRIAL STAFF

OVER-MANNING, low productivity and poor industrial relations are causing Britain's plant construction industry to fail alarmingly to match the performance of its competitors in Europe and the U.S.

A report issued to the Press yesterday and due to be published early in the New Year by the National Economic Development Office, consistently places the British industry bottom in a series of comparisons of its ability to construct large industrial plant such as oil refineries, chemical works, steel plants and power stations.

The study, which compares in detail the performance of 18 major projects — seven in Britain, four in the U.S. and seven on the Continent — was commissioned two years ago by the Economic Development Committee (Little Neddy) for Mechanical and Electrical Engineering Construction.

The Little Neddy became concerned at the increasing allegations from overseas and domestic clients that plant construction in the U.K. takes longer to complete and is subject to longer delays than elsewhere.

The report says that foreign project times are shorter and less prone to delays, and when delays do occur they are capable of retrieval by the end. Construction times were shorter abroad and overall efficiency and productivity were dramatically higher.

Manning levels were consistently higher on U.K. sites, regardless of whether a project was running behind schedule.

Poor industrial relations and low site morale were chief reasons for the U.K.'s disturbing performance.

The study was carried out by representatives of the clients, contractors, and trade unions who have daily involvement in the industry.

Mr. Jim Mortimer, who headed the team and is chairman of the EDC and of the Advisory, Conciliation and Arbitration Service, said yesterday that there was nothing that could not be put right.

"There is no intrinsic reason why U.K. engineering construction performance should not be of the best. The product of the industry is not inferior — U.K. clients tend to demand higher engineering standards than those overseas."

The working party's belief that there is considerable scope for change and improvement in site relations will soon face its first severe test.

Next month the BP sites agreement, which acts as a model for many other large sites around the country, is due to expire after 20 years of operation.

Some large contractors, notably the members of the Oil and Chemical Plant Constructors Association (OCPCA), are pressing for a national agreement for the whole industry to replace the numerous local agreements.

Mr. E. D. Causey, chief construction manager of Lummus, vice-president of OCPCA, and a member of the EDC working party, said yesterday that productivity had been falling for 10 years.

The OCPCA was trying desperately to get a national agreement so that cross-bargaining from site to site could be eliminated.

"We will have labour anarchy on site at the rate we are going. It is getting worse and has got much worse in the past six months."

Six years ago the NEDO Large Sites report called for a national agreement to cover all sites but there is still a proliferation of different payments for the same jobs and no agreement has been achieved.

Mr. Charles Lovell, general secretary of the plumbing section of the Electrical, Electronic, Telecomunications and Plumbing Union and a member of the EDC team, said: "We could not look at a new agreement on the present low rates.

"We will have to get higher base rates. Much will depend on how the Government sees the importance of this agreement."

He hinted that a national agreement would imply changes in the Government's pay policy.

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# Berry Wiggins row may lead to clash with institutions

BY MARGARET REID

INVESTIGATING INSTITUTIONS are expected to discuss this week the Boardroom upheaval at Berry Wiggins with Samuel Montagu, the merchant bankers, and W. Greenwell, City stockbrokers.

On Friday, Berry Wiggins severed its connections with Montagu and Greenwell. On the same day, Mr. Ian Crabbie, a non-executive director of Berry, was ousted from the Board under an unusual provision in the articles of association.

The row could lead to a sharp clash between the City and the company. It erupted after moves — about which there is still some confusion — aimed at some top management change at the group, now largely an oil driller on contract in the North Sea and elsewhere.

The moves came after a heavy fall in Berry's half-year pre-tax profit from £792,000 to £158,000, the passing of the interim dividend and a drop in the shares from a 1976 peak of 54p to a "low" this year of 14p. This is well below the price of 33p at which £2½m. was raised by a rights issue last year.

Last night the shares, recently firmer, closed 1p up at 27p.

After a letter from a large institution, Samuel Montagu held talks with Greenwell and Mr. Crabbie, a banker and accountant who joined the Board about the time of the rights issue.

The possibility of separating the posts of chairman and chief executive, both held by Mr. Paul Bristol, was discussed, together with the idea of having a new managing director to fill the top executive post.

This idea was to be explored by Mr. Crabbie with Mr. Bristol and was discussed between them on Wednesday.

However, at a Board meting on Friday, Mr. Crabbie was immediately asked by a letter signed by more than half the directors to resign under article 87(f) of the company's articles of association.

Samuel Montagu and Greenwell were told the same day that they were no longer the group's advisers.

Mr. Crabbie said yesterday: "I felt that perhaps if a managing director experienced in the oil industry came in, that would be a good thing for the company. When I put this to Mr. Bristol on Wednesday," he didn't seem averse to the idea."

Mr. Bristol said: "The Board believes that it acted in the interests of the company. You have to have confidence in the people who are with you."

About 25 per cent. of Berry Wiggins' shares are held by the institutions, including the largest, Prudential Assurance.

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